SCADA international

Scorpio HoldCo A/S

C/O SCADA INTERNATIONAL A/S
A.C.Illums Vej 4A
8600 Silkeborg

CVR no. 43 17 49 16

Annual report 2023

The annual report was presented and adopted at the Company's annual general meeting

On 21 March 2024
Christina Aagaard Kjeldsen

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Chairperson of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scorpio HoldCo A/S for the financial year 1 January – 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Silkeborg, 21 March 2024
Executive Board:

Allan Baadsgaard Mønsted	Thomas Vanting Bagger

Board of Directors:

Mats Åke Lundgren Chairman	Allan Baadsgaard Mønsted	Thomas Vanting Bagger
Alfonso Luis Caro Vazquez	Ian Martin Lloyd Jones	

Independent auditor's report

To the shareholders of Scorpio HoldCo A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scorpio HoldCo A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 consolidated financial statements and the parent company 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.

Aarhus, 21 March 2024
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen State Authorised Public Accountant mne34459	Niklas R. Filipsen State Authorised Public Accountant mne47781

Management's review

Company details

Scorpio HoldCo A/S
C/O SCADA INTERNATIONAL A/S
A.C.Illums Vej 4A
8600 Silkeborg
Denmark

Telephone:	+45 9641 9200
Website:	www.scada-international.com
E-mail:	scada@scada-international.com

CVR no.	43 17 49 16
Established:	30 March 2022
Registered office:	Silkeborg
Financial year:	1 January – 31 December

Board of Directors

Mats Åke Lundgren (Chairman)
Allan Baadsgaard Mønsted
Thomas Vanting Bagger
Alfonso Luis Caro Vazquez
Ian Martin Lloyd Jones

Executive Board

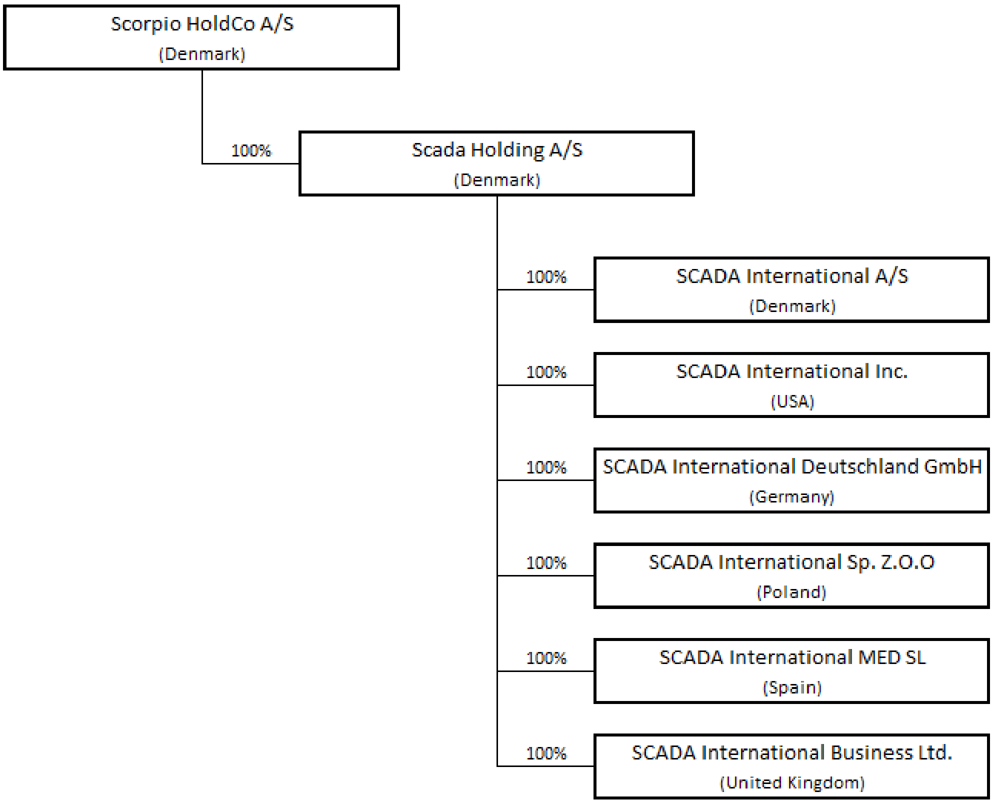
Alfonso Luis Caro Vazquez

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
8000 Aarhus C
Denmark
CVR no. 25 57 81 98

Management's review

Group chart as of 31 December 2023



Management's review

Financial highlights for the Group

DKK`000	2023 12 months	2022 9 months
Gross profit/loss	109,889	-15
EBITDA	35,603	-15
Operating profit/loss	16,071	-15
Net financials	-10,709	0
Profit/loss for the year	1,384	-12
Total assets	295,354	403
Equity	140,547	388
Investments in property, plant and equipment	324	0
Return on assets	10.9%	-
Current ratio	191.8%	2.686%
Return on equity	2.0%	-
Solvency ratio	47.6%	96.3%
Average number of full-time employees	108	0

The financial ratios have been calculated as follows:

Return on assets $\dfrac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$

Return on equity $\dfrac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Current ratio $\dfrac{\text{Current assets x 100}}{\text{Short-term debt}}$

Solvency ratio $\dfrac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

The Group's principal activities

The Group's activities are international and span the full value chain for SCADA (supervisory control and data acquisition) for renewable energy companies, i.e. Hardware Solutions, Software Solutions, Installation and Commissioning, Consulting and Value Adding Services.

The Group is represented in Germany, Poland, USA, Great Britain, Spain and Denmark.

Development in activities and financial position

The Group's income statement for 2023 shows a profit of DKK 1,384 thousand as against a loss of DKK 12 thousand in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK 140,547 thousand as against DKK 388 thousand at 31 December 2022.

As of 5 January 2023, the Group acquired the SCADA Holding Group, which is fully consolidated into the Group with its subsidiaries from this date.

During 2023, the Group strengthened its capital resources by capital increases of a total of DKK 137,676 thousand received from its shareholders.

The Group's activities enjoyed significant growth during the year, especially within Hardware and Software Solutions. The order intake for both Hardware and Software Solutions showed a significant increase compared to previous year. Results for the year were positively affected by the high level of activity and general efficiency improvements. Overall, results for the year were up on budget, and Management considers results satisfactory.

Financial instruments

The Group is affected by currency developments, especially in USD. The Company hedges when making major purchases in USD. The Company does not engage in any currency speculation. The general renewable energy investment climate has a significant impact on the Group's activities.

Impact on the external environment

The Group is constantly striving to reduce its environmental impact resulting from its operations and is certified in accordance with ISO 45001. In addition to this, the Group in which the Company belongs will shortly issue its first ESG report.

Research and development activities

During 2023, new functionalities and added value in the OneView software suite were added to improve business opportunities as well as customer satisfaction and to fit new customer segments. Development of software for Balancing Power Responsible Traders has progressed as planned.

Intellectual capital

The Company possesses very large technical and application knowledge within its business areas. Knowledge and know-how have been accumulated over many years. Furthermore, the background, education and experience of the employees are essential to the intellectual capital of the Company. The right combination of education and expertise within the employee group is therefore critical.

Management's review

Operating review

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

The Group acquired Sweet Geeks A/S as of 10 January 2024. This investment will strengthen the offerings to key customers and will be fully reflected in the consolidated financial statements for 2024.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group 2023	Group 2022 9 months	Parent Company 2023	Parent Company 2022 9 months
Gross profit/loss		109,889	-15	-1,437	-15
Staff costs	2	-74,286	0	0	0
Depreciation and amortisation on property, plant and equipment and intangible assets	3, 4	-19,532	0	0	0
Profit/loss before financial income and expenses		16,071	-15	-1,437	-15
Income from equity investments in group entities		0	0	7,582	0
Financial income	5	1,602	0	95	0
Financial expenses		-12,311	0	-3,107	0
Profit/loss before tax		5,362	-15	3,133	-15
Tax on profit/loss for the year		-3,978	3	662	3
Profit/loss for the year	6	1,384	-12	3,795	-12

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group 2023	Group 2022 9 months	Parent Company 2023	Parent Company 2022 9 months
ASSETS					
Fixed assets					
Intangible assets	3				
Completed development projects		20,263	0	0	0
Development projects in progress		11,327	0	0	0
Goodwill		115,588	0	0	0
		147,178	0	0	0
Property, plant and equipment	4				
Land and buildings		2,342	0	0	0
Fixtures and fittings, tools and equipment		1,184	0	0	0
		3,526	0	0	0
Financial assets					
Deposits	7	89	0	0	0
Equity investments in subsidiaries	8	0	0	192,709	0
		89	0	192,709	0
Total fixed assets		150,793	0	192,709	0
Current assets					
Inventories					
Raw materials and consumables		12,669	0	0	0
Finished goods and goods for resale		1,175	0	0	0
		13,844	0	0	0
Receivables					
Trade receivables		50,490	0	0	0
Contract work in progress	9	40,529	0	0	0
Deferred tax assets	10	0	3	631	3
Corporation tax		87	0	35	0
Other receivables		1,244	0	0	0
Prepayments	11	1,381	0	388	0
		93,731	3	1,054	3
Cash at bank and in hand		36,986	400	0	400
Total current assets		144,561	403	1,054	403
TOTAL ASSETS		295,354	403	193,763	403

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group 2023	Group 2022 9 months	Parent Company 2023	Parent Company 2022 9 months
EQUITY AND LIABILITIES					
Equity					
Contributed capital		13,808	400	13,808	400
Reserve for development costs		24,640	0	0	0
Retained earnings		102,265	-12	120,484	-12
Reserve for net revaluation according to the equity method		0	0	8,666	0
Reserve for hedging		-166	0	0	0
Total equity		140,547	388	142,958	388
Provisions					
Provisions for deferred tax	10	10,620	0	0	0
Total provisions		10,620	0	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions					
Bank debt		66,261	0	37,013	0
Lease liabilities		311	0	0	0
Other payables		2,249	0	0	0
		68,821	0	37,013	0
Current liabilities other than provisions					
Bank debt		19,674	0	8,617	0
Other credit institutions		10,724	0	0	0
Lease liabilities		264	0	0	0
Trade payables		24,610	15	0	15
Payables to subsidiaries		0	0	5,010	0
Other payables	12	8,743	0	165	0
Deferred income	13	2,876	0	0	0
Contract work in progress	9	8,475	0	0	0
		75,366	15	13,792	15
Total liabilities other than provisions		144,187	15	50,805	15
TOTAL EQUITY AND LIABILITIES		295,354	403	193,763	403

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Group				
DKK'000	Contributed capital	Reserve for develop-ment costs	Reserve for hedging	Retained earnings	Total
Equity at 1 January 2023	400	0	0	-12	388
Capital increase	13,408	0	0	124,268	137,676
Transfer, reserve for development costs	0	24,640	0	-24,640	0
Transferred over the profit appropriation	0	0	0	1,384	1,384
Adjustment of investments through foreign exchange adjustments	0	0	0	1,265	1,265
Fair value adjustment of derivative financial instruments	0	0	-166	0	-166
Equity at 31 December 2023	13,808	24,640	-166	102,265	140,547

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Parent Company			
DKK'000	Contributed capital	Retained earnings	Reserve for net revaluation according to the equity method	Total
Equity at 1 January 2023	400	-12	0	388
Capital increase	13,408	124,268	0	137,676
Transferred over the profit appropriation	0	3,795	0	3,795
Transfer, reserve for net revaluation according to the equity method	0	-8,666	8,666	0
Equity adjustments related to equity investments in group entities	0	1,099	0	1,099
Equity at 31 December 2023	13,808	120,484	8,666	142,958

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group 2023	Group 2022
Profit/loss for the year		1,384	-12
Depreciation and amortisation		19,532	0
Other adjustments of non-cash operating items	14	15,786	-3
Cash generated from operations before changes in working capital		36,702	-15
Changes in working capital	15	-3,488	15
Cash generated from operations		33,214	0
Interest income		1,602	0
Interest expense		-12,311	0
Corporation tax refunded		140	0
Cash flows from operating activities		22,645	0
Acquisition of intangible assets	3	-14,484	0
Acquisition of property, plant and equipment	4	-324	0
Acquisition of subsidiaries and activities	16	-184,043	0
Cash flows from investing activities		-198,851	0
External financing:			
Increase in non-current liabilities to credit institutions		70,925	0
Increase in non-current liabilities related to other liabilities		1,833	0
Shareholders:			
Capital increase		137,676	0
Cash flows from financing activities		210,434	0
Cash flows for the year		34,228	0
Cash transferred in connection with acquisition of subsidiaries		2,358	0
Cash and cash equivalents at the beginning of the year		400	400
Cash and cash equivalents at year end		36,986	400

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Scorpio HoldCo A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

This is the Group's first set of consolidated financial statements.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Scorpio HoldCo A/S, and subsidiaries in which Scorpio HoldCo A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds 20% or more of the votes and exercises significant influence but not control are considered associates. Entities for which the objective of the holding is to promote the Group's own activities through a permanent affiliation with the other entity and where the equity interest represents at least 20% of equity in the other entity are considered participating interests. A group chart is included on page 7.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Business combinations

When acquiring new entities, the acquisition method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquiree at the acquisition date that are not initiated as a part of the acquisition are included in the pre-acquisition balance sheet and thus the calculation of goodwill. Restructuring that is initiated by the acquirer is recognised in the acquirer's income statement. Deferred tax is recognized to the extent that temporary differences arise from the revaluations.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in separate foreign subsidiaries and participating interests (including associates) are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Group has decided only to disclose gross profit.

Revenue

The Group has chosen IAS 11 as interpretation for the recognition of revenue. Income from contract work in progress involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where total income and expenses and the degree of completion of the contract can be measured reliably.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the relative current cost approach. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided. Services based on time spent are recognised in revenue as the work is performed.

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income from equity investments in subsidiaries

The proportionate share of the individual equity investment's profit/loss after tax is recognised in the Parent Company's income statement after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, receivables, payables and transactions denominated in foreign currencies and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Scorpio HoldCo A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that future earnings are likely. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 5 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period of goodwill is set at 10 years on the basis of the forward-looking strategic market position and long-term earnings profile of acquisitions.

Property, plant and equipment

Land and buildings and fixtures and fittings, tools 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 on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	6-25 years
Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

The Group has chosen IAS 17 as interpretation for recognition and measurement of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingencies, etc.

Financial assets

Equity investments in subsidiaries are measured at the proportionate share of the individual subsidiaries' equity after tax. The caption "Equity investments in group entities" in the balance sheet includes the proportionate ownership share of the net asset value of the entities calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the entities.

The total net revaluation of investments in group entities is transferred to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividends distributed to the Parent Company and adjusted for other equity movements in the group entities.

Group entities 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 entity is recognised in provisions.

Other receivables and deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

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

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contract work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of contract work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries in proportion to cost.

Dividends that expected to be received before the balance sheet date are not tied to the reserve.

Reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates.

Reserves cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for 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 value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Staff costs

	Group		Parent Company	
DKK'000	2023	2022	2023	2022
Wages and salaries	70,575	0	0	0
Pensions	3,359	0	0	0
Other social security costs	352	0	0	0
	74,286	0	0	0
Average number of full-time employees	108	0	0	0

In 2022 and 2023, the Executive Board and Board of Directors of the Parent Company have not received any remuneration in their positions as Management of the Parent Company.

3 Intangible assets

	Group			
DKK'000	Completed development projects	Development projects in progress	Goodwill	Total
Additions related to acquisition of subsidiaries	36,105	5,331	128,431	169,867
Additions	0	14,484	0	14,484
Transfer	8,488	-8,488	0	0
Cost at 31 December 2023	44,593	11,327	128,431	184,351
Accumulated amortisation related to acquisition of subsidiaries	-18,822	0	0	-18,822
Amortisation of the year	-5,508	0	-12,843	-18,351
Amortisation and impairment losses at 31 December 2023	-24,330	0	-12,843	-37,173
Carrying amount at 31 December 2023	20,263	11,327	115,588	147,178

Development projects

Completed development projects include new features to the software solution to fit a broader customer base. Development projects in progress comprise new technical solutions to be commercialised. The development projects in progress are expected to be completed in the coming years, and major economic benefits are expected in the long and short term.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

4 Property, plant and equipment

	Group		
DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Additions related to acquisition of subsidiaries	7,495	5,379	12,874
Additions	0	324	324
Cost at 31 December 2023	7,495	5,703	13,198
Accumulated depreciation and impairment losses related to acquisition of subsidiaries	-4,739	-3,752	-8,491
Depreciation	-414	-767	-1,181
Depreciation and impairment losses at 31 December 2023	-5,153	-4,519	-9,672
Carrying amount at 31 December 2023	2,342	1,184	3,526
Assets held under finance leases	0	748	748

	Group		Parent Company	
DKK'000	2023	2022	2023	2022
5 Financial income				
Interest income from subsidiaries	0	0	95	0
Other financial income	1,602	0	0	0
	1,602	0	95	0
6 Proposed profit appropriation/ distribution of loss				
Retained earnings	1,384	-12	3,795	-12

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

7 Deposits

	Group	
DKK'000	2023	2022
Deposits		
Cost at 1 January	0	0
Additions	89	0
Carrying amount at 31 December	89	0

8 Equity investments in subsidiaries

In 2023 the Group acquired equity investments in SCADA Holding A/S, which entailed recognition of a positive balance (goodwill) of DKK 128,431 thousand. A reference is made to note 3 for the recognition of goodwill in the group financial statements.

The Company is measuring equity investments in subsidiaries in accordance with the equity method. Consequently, the disclosure only contains the list of subsidiaries with related information with latest result and equity of the subsidiaries.

	Parent Company	
DKK'000	2023	2022
Equity investments in subsidiaries		
Additions	184,043	0
Cost at 31 December	184,043	0
Result for the year in subsidiaries	20,424	0
Amortisation of goodwill	-12,843	0
Equity adjustments related to equity investments in group entities	1,099	0
Other movements	-14	0
Revaluations at 31 December	8,666	0
Carrying amount at 31 December	192,709	0
Portion relating to the remaining balance (non-amortised goodwill)	115,588	0

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Equity investments in subsidiaries - continued

Name/legal form	Registered office	Equity interest
SCADA Holding A/S	Denmark	100%
SCADA International A/S (*)	Denmark	100%
SCADA International Inc. (*)	USA	100%
SCADA International Deutschland GmbH (*)	Germany	100%
SCADA International Sp. Z.O.O (*)	Poland	100%
SCADA International MED SL (*)	Spain	100%
SCADA International Business Ltd. (*)	United Kingdom	100%

(*) The subsidiaries are indirectly owned through direct equity interest in SCADA Holding A/S.

	Group	
DKK'000	31/12 2023	31/12 2022
9 Contract work in progress		
Selling price of work performed	170,982	0
Progress billings	-138,928	0
	32,054	0
that can be specified as follows:		
Contract work in progress (assets)	40,529	0
Contract work in progress (liabilities)	-8,475	0
	32,054	0

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Notes

10 Deferred tax

	Group		Parent Company	
DKK'000	31/12 2023	31/12 2022	31/12 2023	31/12 2022
Deferred tax at 1 January	3	0	3	0
Deferred tax adjustment for the year in the income statement	-3,714	3	628	3
Acquisition of subsidiary	-6,956	0	0	0
Tax on equity transactions	47	0	0	0
	-10,620	3	631	3

11 Prepayments

Prepayments comprises prepaid expenses related to subsequent periods and relate to insurance etc.

12 Currency and interest rate risks and the use of derivative financial instruments

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

Fair value at year end	-212
Recognised in the hedging reserve reduced by deferred tax	-166
Fair value level	2

The Group has forward contracts to buy USD 1,100 thousand in 2024. At 31 December 2023, the fair value of the forward contracts amounted to an unrealised loss of DKK 212 thousand.

The fair value of forward contracts is recognised as other payables.

13 Deferred income

Deferred income of DKK 2,876 thousand (31 December 2022: DKK 0) comprises payments received from customers that cannot be recognised until the subsequent financial year.

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Notes

	DKK'000	Group 2023	Group 2022
14	**Other adjustments**		
	Financial income	-1,602	0
	Financial expenses	12,311	0
	Tax on profit/loss for the year	3,978	-3
	Equity adjustments related to equity investments in group entities	1,099	0
		15,786	-3
15	**Changes in working capital**		
	Change in inventories	19,997	0
	Change in receivables	-1,927	0
	Change in trade and other payables	-21,558	15
		-3,488	15
16	**Acquisition of subsidiaries and activities**		
	Intangible assets	22,614	0
	Property, plant and equipment	4,456	0
	Inventories	33,841	0
	Receivables	92,509	0
	Cash at bank and in hand	2,358	0
	Bank loans	-25,734	0
	Deferred tax	-6,956	0
	Other liabilities	-67,476	0
		55,612	0
	Goodwill	128,431	0
	Cost	184,043	0

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

17 Contractual obligations, contingencies, etc.

Contingent liabilities

Parent company

The Company is jointly taxed with the other Danish companies in the Scorpio HoldCo A/S Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends. Any subsequent correction of the taxable jointly taxed income or withholding taxes may entail an adjustment of the Company's liability.

Operating lease obligations

The Group

The Group has entered rental obligations totalling DKK 1,424 thousand (31 December 2022: 0) in interminable rent agreements with remaining contract terms of up to 12 months. Furthermore, the Company has entered into operating leases for cars totalling DKK 308 thousand (31 December 2022: 0), with remaining contract terms of up to 19 months of which DKK 234 thousand falls due within 12 months.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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18 Mortgages and collateral

Parent Company

As guarantor, Scorpio HoldCo A/S has issued debt relief regarding the subsidiaries SCADA International A/S and SCADA International Deutschland GmbH's debt to credit institutions. The Companies had a collective total liability towards credit institutions of DKK 14,535 thousand as of 31 December 2023.

The Group

SCADA International A/S has provided guarantees and provided collateral in land and buildings up to DKK 4,500 thousand towards credit institutions. At 31 December 2023, land and buildings held a carrying amount of DKK 2,342 thousand. As of 31 December 2023, the total liability towards credit institutions amounts to DKK 14,535 thousand.

SCADA International has provided a company charge nom. DKK 20,200 thousand towards credit institutions. The company charge includes trade receivables, inventories and fixtures and fittings, tools and equipment. At 31 December 2023 the assets have a carrying amount of DKK 50,941 thousand.

As guarantor, SCADA Holding A/S and Scorpio HoldCo A/S has issued debt relief regarding the subsidiaries SCADA International A/S and SCADA International Deutschland GmbH's debt to credit institutions. The Companies have a collective total liability towards credit institutions of DKK 14,535 thousand as of 31 December 2023.

19 Related parties

Control

Scorpio Mixer LLP, 20 Farringdon Street, London.

Scorpio Mixer LLP holds the majority of the contributed capital in the Company.

Scorpio HoldCo A/S' consolidated financial statements are the smallest and largest group, in which the Parent Company is included as component.

Related party transactions

In 2022 and 2023, the Executive Board and Board of Directors of the Parent Company have not received any remuneration in their positions as Management of the Parent Company.

Payables to subsidiaries are disclosed in the balance sheet and interest income is disclosed in note 5.

In 2023, the Parent Company and the Group received a capital increase of DKK 137,676 thousand from its shareholders.

In 2023, the Parent Company and the Group acquired 100% of the direct shares in SCADA Holding A/S and the indirect shares of the subsidiaries of the SCADA Holding A/S Group.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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20 Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

The Group acquired Sweet Geeks A/S as of 10 January 2024. This investment will strengthen the offerings to key customers and will be fully reflected in the consolidated financial statements for 2024.

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Allan Baadsgaard Mønsted
Bestyrelsesmedlem
On behalf of: SCADA companies
Serial number: 739bc10d-b691-4e4e-929f-b6ec5f02f839
IP: 185.157.xxx.xxx
2024-03-21 12:16:32 UTC

Allan Baadsgaard Mønsted
Direktør
On behalf of: SCADA companies
Serial number: 739bc10d-b691-4e4e-929f-b6ec5f02f839
IP: 185.157.xxx.xxx
2024-03-21 12:19:24 UTC

Alfonso Luis Caro Vazquez
Bestyrelsesmedlem
On behalf of: SCADA companies
Serial number: 18520f24-ca6d-49d4-8c8b-965c16833a23
IP: 185.157.xxx.xxx
2024-03-21 13:39:35 UTC

Thomas Vanting Bagger
Bestyrelsesmedlem
On behalf of: SCADA companies
Serial number: 8cd0f720-b64c-419c-8fbe-c8ed536f38bb
IP: 185.157.xxx.xxx
2024-03-21 13:40:28 UTC

Mats Åke Lundgren
Bestyrelsesformand
On behalf of: SCADA companies
Serial number: matts.lundgren@magnesiumcapital.com
IP: 185.157.xxx.xxx
2024-03-21 13:41:05 UTC

Mats Lundgren

Thomas Vanting Bagger
Direktør
On behalf of: SCADA companies
Serial number: 8cd0f720-b64c-419c-8fbe-c8ed536f38bb
IP: 185.157.xxx.xxx
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Ian Martin Lloyd Jones
Bestyrelsesmedlem
On behalf of: Scada companies
Serial number: ian.jones@magnesiumcapital.com
IP: 31.94.xxx.xxx
2024-03-21 15:34:44 UTC

Mikkel Trabjerg Knudsen
Statsautoriseret revisor
On behalf of: KPMG Statsautoriseret Revisionspartners…
Serial number: 3feff36e-0d03-47ea-8a34-9b920f240257
IP: 87.104.xxx.xxx
2024-03-21 16:29:12 UTC

Niklas Rosenmaier Filipsen
KPMG P/S CVR: 25578198
Statsautoriseret revisor
On behalf of: KPMG Statsautoriseret Revisionspartners…
Serial number: caafe790-8c66-4c05-8964-519df030390f
IP: 83.151.xxx.xxx
2024-03-21 16:43:23 UTC

Christina Aagaard Kjeldsen
Dirigent
On behalf of: SCADA companies
Serial number: 03345fc8-745a-4cf5-8db0-e2ba5adab058
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