

DELPRO A/S

Bavnevej 50, 6580 Vamdrup

CVR no. 25 01 97 76

Annual report 2023

Approved at the Company's annual general meeting on 12 April 2024

Chair of the meeting:

.....
Jacob Christian Rath

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DELPRO A/S for the financial year 1 January - 31 December 2023.

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

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vamdrup, 12 April 2024
Executive Board:

.....
Jacob Christian Rath
Director

.....
Lone Søgaard Sall
Director

Board of Directors:

.....
Birgitte Brinch Madsen
Chairman

.....
Carsten Friis
Deputy Chairperson

.....
Jens Kristian Kjærulff
Damsgaard

.....
David Packness Meyer

.....
Annika Hofmann Schelde

.....
Jacob Christian Rath

.....
Thomas Flensted Schultz

Independent auditor's report

To the shareholders of DELPRO A/S

Opinion

We have audited the financial statements of DELPRO A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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 Company's internal control.

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 12 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Mortensen
State Authorised Public Accountant
mne32743

Karen Jørgensen
State Authorised Public Accountant
mne40029

Management's review

Company details

Name	DELPRO A/S
Address, Postal code, City	Bavnevej 50, 6580 Vamdrup
CVR no.	25 01 97 76
Established	1 November 1999
Registered office	Kolding
Financial year	1 January - 31 December
Website	www.DELPRO.dk
E-mail	del@delpro.dk
Telephone	+45 76 32 27 00
Board of Directors	Birgitte Brinch Madsen, Chairman Carsten Friis, Deputy Chairperson Jens Kristian Kjærulff Damsgaard David Packness Meyer Annika Hofmann Schelde Jacob Christian Rath Thomas Flensted Schultz
Executive Board	Jacob Christian Rath, Director Lone Søgaard Sall, Director
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Gross profit	26,766	32,884	28,719	29,640	27,455
Operating profit/loss	-8,136	6,508	4,862	5,897	4,906
Net financials	3,144	-2,684	-441	-579	-664
Profit/loss for the year	-2,836	2,659	3,391	4,688	4,414
Financial ratios					
Equity ratio	20.4%	18.9%	20.6%	25.7%	23.3%
Return on equity	-16.6%	16.2%	21.4%	33.9%	43.0%
Average number of full-time employees					
	159	145	138	107	110

In the financial year 2023, the Company has changed the accounting policies for "Land and buildings". The main and key figures for 2019-2022 have not been adjusted, cf. Danish Financial Statements Act § 51(2).

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's objective is to perform installation and services of high installations, primarily within transmission and distribution, wind turbines, solar cells, data centers, railways and industrial enterprises.

Financial review

The income statement for 2023 shows a loss of DKK 2,836 thousand against a profit of DKK 2,659 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 17,528 thousand. The annual report of 2023 is positively affected by capital gains on repayment of mortgage loans and by goodwill through the acquisition of the remaining 50% of DELPRO Wind A/S.

In the annual report for 2022, Management expected a profit in the range of DKK 6,500-7,500 thousand.

The profit for 2023 is affected by the world wide challenges in supply chain and the increasing interest. It has caused postponement of several projects. Management considers the Company's financial performance in the year unsatisfactory.

In the financial year 2023, the Company has changed its accounting policy for "Land and Buildings". Land and buildings will be measured from 2023 to fair value. For further discussion of this change in practice, see note 1 "Accounting policies", section "Changes in accounting policies".

Knowledge resources

The employees' intellectual capital resources consist partly of competences obtained through formal education, partly of competence development through performance of work. The Company conducts appraisals every year to continually adjust the Company's competencies to the needs of the business.

DELPRO has its own high voltage training center placed at the HQ in Vamdrup. This is used to assess and to further develop the competences of the technicians.

Impact on the external environment

In connection with services performed for the customers, the Company handles installations and components containing xenobiotics:

▶ Oil

Transformers, high-voltage switchgear and cables may contain oil.

The oil quality is monitored, and if necessary, the oil is purified and recycled in a closed process.

When scrapping oil-containing components, the oil is tapped and sent to an environmentally approved company

▶ SF6 gas (greenhouse gas)

High-voltage switchgear may contain SF6 gas.

The gas is monitored, and if necessary, the gas is purified and recycled in a closed process.

All handling of SF6 gas is performed by trained and certified staff

Research and development activities

Development projects consist of software solutions that are part of DELPRO's digitalisation strategy.

The projects are expected to provide substantial benefits to a wide range of areas of DELPRO's business. The projects are expected to be completed in the next couple of years.

There are no special preconditions for DELPRO to be able to utilize the benefits of the projects

Foreign branches

The company has a branch in the Norway, Delpro NUF.

Management's review

Outlook

The Company's revenue for 2024 is expected to increase by approx. 5-10 % .
On this basis, a profit in the range of DKK 5,500-6,500 thousand is expected for 2024.
The expectations are based on the assumption, that the exchange rates for the currencies to which the Company is exposed will remain unchanged.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023	2022
	Gross profit	26,765,602	32,884,116
15	Distribution costs	-5,067,100	-5,152,825
15,4,	Administrative expenses	-29,724,863	-21,187,172
	Operating profit/loss	-8,026,361	6,544,119
	Income from investments in group enterprises	5,294,195	-344,795
	Income from investments in Participating interests	0	-1,035,176
	Financial income	739,380	0
	Financial expenses	-2,890,006	-1,304,450
	Profit/loss before tax	-4,882,792	3,859,698
5	Tax for the year	2,046,393	-1,200,652
	Profit/loss for the year	-2,836,399	2,659,046

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	2,243,449	2,449,006
	Acquired intangible assets	60,278	109,493
	Development projects in progress and prepayments for intangible assets	1,675,140	1,133,883
		<u>3,978,867</u>	<u>3,692,382</u>
8	Property, plant and equipment		
	Land and buildings	13,725,000	8,439,363
	Plant and machinery	2,496,700	3,556,642
	Leasehold improvements	574,663	495,502
	Property, plant and equipment under construction	0	623,412
		<u>16,796,363</u>	<u>13,114,919</u>
9	Investments		
	Investments in group enterprises	6,513,465	102,944
	Investments in Participating interests	0	239,506
	Other receivables	255,120	254,194
		<u>6,768,585</u>	<u>596,644</u>
	Total fixed assets	<u>27,543,815</u>	<u>17,403,945</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	1,515,761	1,345,019
		<u>1,515,761</u>	<u>1,345,019</u>
	Receivables		
	Trade receivables	34,774,896	39,588,282
10	Construction contracts	5,895,093	16,671,719
	Receivables from group enterprises	8,774,341	488,746
	Receivables from participating interests	0	7,602,190
13	Deferred tax assets	2,274,000	1,134,000
	Joint taxation contribution receivable	0	61,315
	Other receivables	897,330	903,539
11	Prepayments	3,949,726	3,174,695
		<u>56,565,386</u>	<u>69,624,486</u>
	Cash	<u>98,052</u>	<u>261,740</u>
	Total non-fixed assets	<u>58,179,199</u>	<u>71,231,245</u>
	TOTAL ASSETS	<u>85,723,014</u>	<u>88,635,190</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	6,000,000	6,000,000
	Revaluation reserve	3,631,371	0
	Net revaluation reserve according to the equity method	5,259,915	83,900
	Reserve for development costs	2,851,295	2,687,167
	Retained earnings	-214,617	7,966,604
	Total equity	17,527,964	16,737,671
	Provisions		
9	Provision, investments in group enterprises	0	93,770
	Total provisions	0	93,770
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Mortgage debt	7,914,871	4,489,838
	Lease liabilities	971,079	1,095,702
	Other payables	6,225,420	6,116,849
		15,111,370	11,702,389
	Current liabilities other than provisions		
14	Short-term part of long-term liabilities other than provisions	309,129	4,295,646
	Bank debt	15,546,769	27,103,475
10	Prepayments on work in progress	366,840	874,755
	Trade payables	13,236,303	15,475,409
	Payables to group enterprises	4,688,258	0
	Corporation tax payable	3,469	58,523
	Joint taxation contribution payable	3,260	64,575
	Payables to shareholders and management	3,300,000	0
	Other payables	15,629,652	12,228,977
		53,083,680	60,101,360
	Total liabilities other than provisions	68,195,050	71,803,749
	TOTAL EQUITY AND LIABILITIES	85,723,014	88,635,190

- 1 Accounting policies
- 2 Events after the balance sheet date
- 3 Special items
- 6 Appropriation of profit/loss
- 16 Contractual obligations and contingencies, etc.
- 17 Security and collateral
- 18 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Revaluation reserve	Net revaluation reserve according to the equity method	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2023	6,000,000	0	83,900	2,687,167	7,966,604	16,737,671
6	Transfer, see "Appropriation of profit/loss"	0	0	5,180,694	164,128	-8,181,221	-2,836,399
	Adjustment of investments through foreign exchange adjustments	0	0	-4,679	0	0	-4,679
	Revaluations for the year	0	4,655,604	0	0	0	4,655,604
	Tax on items recognised directly in equity	0	-1,024,233	0	0	0	-1,024,233
	Equity at 31 December 2023	6,000,000	3,631,371	5,259,915	2,851,295	-214,617	17,527,964

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Changes in accounting policies

Compared with the previous financial year, the accounting policies have changed in the following areas:

-The accounting policy for measuring "Land and Buildings" has been changed from cost price less accumulated depreciation and amortisation, cf. Danish Financial Statements Act §§ 36/40, to fair value with value adjustment in equity, cf. Danish Financial Statements Act § 41.

The change of practice is implemented in order for the company to follow consolidated accounting policies. For this reason, management voluntarily chooses to change practices.

The change in accounting policies has the following monetary impact on equity and balance sheet as at 31 December 2023 and on the result for 2023 respectively:

- As of 31 December 2023, the revaluation on "Land and buildings" excl. tax will be tied to the equity in "Revaluation reserve", DKK 3,631,371.

- Deferred tax, liability is increased by the tax effect of the revaluation, DKK 1,024,233.

- Tangible fixed assets, "Land and buildings" are increased by the revaluation totalling DKK 4,655,604.

Which is also the total value the balance sheet will be affected by as of December 31, 2023.

- The revaluation will not be written off in 2023. The result effect is negligible.

The comparative figures are not affected by the change, as the company applies the exemption clause, cf. Danish Financial Statements Act § 51.

Apart from the above changes, the annual accounts are presented in accordance with the same accounting policies as last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

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

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

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

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

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include materials for use in the construction contracts, wages and salaries, rent and leases, as well as depreciation on production plant and so on.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs incurred for sale of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Profit/loss from investments in group entities and participating interests

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In subsidiaries, the full elimination of internal profit and loss is carried out without regard to ownership shares. In participating interests only proportional elimination of profit and loss is carried out, taking into account ownership shares.

Financial income and expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses, exchange rate adjustments, interest rates relating to financial leasing and so on.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights, including software licences and so on.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Acquired intangible assets are amortised over 3-5 years.

Development costs comprise expenses, salaries and amortisation directly or 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 identifiable 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 there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

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

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and cannot exceed 10 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings are measured at first recognised at cost and subsequently revalued to fair value.

Land and buildings are revalued at fair value.

Revaluations and their reversals less deferred tax are recognised directly in equity.

The fair value is calculated on the basis of a return-based model (level 3 of the fair value hierarchy) based on the property's operating return and an individually determined business requirement. The business requirement in 2023 is determined to approximately 7,75 %.

The carrying value, corresponding to cost plus revaluation less any residual value, is depreciated over the remaining useful life, which is expected to amount to 30 years.

The depreciation period and residual value are determined at the time of the most recent fair value adjustment and are reassessed annually.

Depreciation is recognised in the profit and loss account.

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

Land and buildings are revalued at fair value. Revaluations and reversals hereof, less deferred tax, are taken directly to equity. The fair value is calculated on the basis of an external assessment, which is based on discounted cash flows.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition 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. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in group entities and participating interests

Equity investments in group entities and participating interests are measured according to the equity method.

On initial recognition, equity investments in group entities and participating interests are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities and participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash in hand.

Equity

Revaluation reserve

The reserve comprises revaluations of Land and buildings relative to cost net of deferred tax.

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in group entities and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Special items

Special items are items, that are special in nature and scope.

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).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

2 Events after the balance sheet date

No events of material importance to the financial position of the undertaking occurred after the balance sheet date.

3 Special items

DKK	2023	2022
Income		
Capital gains on repayment of mortgage loans	679,128	0
Badwill	1,551,723	0
	<u>2,230,851</u>	<u>0</u>

Special items are recognised in the below items of the financial statements

Financial income	679,128	0
Income from investments in group enterprises	1,551,723	0
Net profit on special items	<u>2,230,851</u>	<u>0</u>

4 Amortisation/depreciation of intangible assets and property, plant and equipment

Amortisation of intangible assets	553,542	90,725
Depreciation of property, plant and equipment	1,954,329	2,357,732
	<u>2,507,871</u>	<u>2,448,457</u>

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

Production costs	1,618,777	2,035,456
Administrative expenses	889,094	413,001
	<u>2,507,871</u>	<u>2,448,457</u>

5 Tax for the year

Estimated tax charge for the year	3,469	61,783
Deferred tax adjustments in the year	-2,217,848	1,137,139
Tax adjustments, prior years	167,986	1,730
	<u>-2,046,393</u>	<u>1,200,652</u>

6 Appropriation of profit/loss

Recommended appropriation of profit/loss

Net revaluation reserve according to the equity method	5,180,694	-1,265,439
Other reserves	164,128	1,497,259
Retained earnings/accumulated loss	-8,181,221	2,427,226
	<u>-2,836,399</u>	<u>2,659,046</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	Completed development projects	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2023	2,490,515	1,564,959	1,133,883	5,189,357
Additions	298,770	0	541,257	840,027
Cost at 31 December 2023	2,789,285	1,564,959	1,675,140	6,029,384
Impairment losses and amortisation at 1 January 2023	41,509	1,455,466	0	1,496,975
Amortisation for the year	504,327	49,215	0	553,542
Impairment losses and amortisation at 31 December 2023	545,836	1,504,681	0	2,050,517
Carrying amount at 31 December 2023	2,243,449	60,278	1,675,140	3,978,867
Amortised over	5 years	3-5 years		

Development projects consist of software solutions that are part of DELPRO's digitalisation strategy. The projects are expected to provide substantial benefits to a wide range of areas of DELPRO's business.

The projects are expected to be completed in the next couple of years. There are no special preconditions for DELPRO to be able to utilize the benefits of the projects.

Financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2023	10,204,071	13,827,912	587,603	623,412	25,242,998
Additions	0	796,333	167,849	253,487	1,217,669
Disposals	0	-574,600	0	0	-574,600
Transferred	876,899	0	0	-876,899	0
Cost at 31 December 2023	11,080,970	14,049,645	755,452	0	25,886,067
Revaluations at 1 January 2023	0	0	0	0	0
Changes in accounting policies	4,655,604	0	0	0	4,655,604
Revaluations at 31 December 2023	4,655,604	0	0	0	4,655,604
Impairment losses and depreciation at 1 January 2023	1,764,708	10,271,270	92,101	0	12,128,079
Depreciation	246,866	1,618,775	88,688	0	1,954,329
Reversal of accumulated depreciation and impairment of assets disposed	0	-337,100	0	0	-337,100
Impairment losses and depreciation at 31 December 2023	2,011,574	11,552,945	180,789	0	13,745,308
Carrying amount at 31 December 2023	13,725,000	2,496,700	574,663	0	16,796,363
Carrying amount at 31 December 2023, if no revaluation had been made	9,069,396	0	0	0	
Property, plant and equipment include finance leases with a carrying amount totalling	0	1,037,839	0	0	1,037,839
Depreciated over	25-30 years	3-8 years	4-7 years		

Note 17 provides more details on security for loans, etc. as regards property, plant and equipment.

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK	Investments in group enterprises	Investments in Participating interests	Other receivables	Total
Cost at 1 January 2023	8,550	250,000	254,194	512,744
Additions	995,000	0	926	995,926
Transferred	250,000	-250,000	0	0
Cost at 31 December 2023	1,253,550	0	255,120	1,508,670
Value adjustments at 1 January 2023	94,394	-10,494	0	83,900
Foreign exchange adjustments	-4,561	0	0	-4,561
Profit/loss for the year	3,424,971	0	0	3,424,971
Value adjustments for the year	1,551,723	0	0	1,551,723
Transferred	193,388	10,494	0	203,882
Value adjustments at 31 December 2023	5,259,915	0	0	5,259,915
Carrying amount at 31 December 2023	6,513,465	0	255,120	6,768,585

Group entities

Name	Legal form	Domicile	Interest
DELPRO Poland SP. z.o.o	z.o.o.	Polen	100.00%
DELPRO NL B.V.	B.V.	Holland	100.00%
DELPRO WIND	A/S	Denmark	100.00%

DKK	2023	2022
10 Construction contracts		
Selling price of work performed	26,377,251	48,785,208
Progress billings	-20,848,998	-32,988,244
	5,528,253	15,796,964
recognised as follows:		
Construction contracts (assets)	5,895,093	16,671,719
Construction contracts (liabilities)	-366,840	-874,755
	5,528,253	15,796,964

11 Prepayments

Prepayments consists of prepaid subscriptions, circulation tax, lease and so on.

DKK	2023	2022
12 Share capital		
Analysis of the share capital:		
60,000 shares of DKK 100.00 nominal value each	6,000,000	6,000,000
	6,000,000	6,000,000

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2023	2022
13 Deferred tax		
Deferred tax at 1 January	-1,134,000	-2,271,139
Recognised in the income statement	-2,217,548	1,137,139
Recognised in equity	1,024,233	0
Adjustment deferred tax, previous years	53,315	0
Deferred tax at 31 December	-2,274,000	-1,134,000
Deferred tax relates to:		
Intangible assets	857,045	794,018
Property, plant and equipment	300,551	-498,419
Receivables	180,547	146,004
Tax loss	-3,561,137	-1,575,603
Other non-taxable temporary differences	-51,006	0
	-2,274,000	-1,134,000
Analysis of the deferred tax		
Deferred tax assets	-2,274,000	-1,134,000
	-2,274,000	-1,134,000

It is the Management assessment that the deferred tax assets can be used within 3-5 years. The recognition is based on Management's expectations for future earnings.

14 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Mortgage debt	8,224,000	309,129	7,914,871	6,558,916
Lease liabilities	971,079	0	971,079	0
Other payables	6,225,420	0	6,225,420	0
	15,420,499	309,129	15,111,370	6,558,916

For other payables, no repayment arrangement has been agreed, which is why the outstanding debt after 5 years cannot be indicated.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2023	2022
15 Staff costs		
Wages/salaries	101,306,478	88,447,947
Pensions	9,126,458	7,448,624
Other social security costs	1,638,285	1,671,974
Other staff costs	3,178,826	2,755,564
	<u>115,250,047</u>	<u>100,324,109</u>

Staff costs are recognised as follows in the financial statements:

Production costs	90,986,883	83,475,838
Distribution costs	4,726,502	5,388,600
Administrative expenses	19,536,662	11,459,671
	<u>115,250,047</u>	<u>100,324,109</u>

Average number of full-time employees	<u>159</u>	<u>145</u>
---------------------------------------	------------	------------

Total remuneration to Management (Executive Board and Board of Directors): DKK 2,743 thousand
(2022: DKK 2,584 thousand)

16 Contractual obligations and contingencies, etc.

DELPRO A/S is included in the joint taxation circle with the Friis Group, where Friis Group A/S is the management company.

DELPRO A/S is jointly and severally liable with the other jointly taxed companies for the total corporate income tax.

The company shall be jointly and severally liable with the other jointly taxed companies for any obligations to withhold withholding tax on interest, royalties and dividends.

Other financial obligations

DELPRO A/S has liabilities under operating leases, totalling DKK 12,016 thousand with remaining contract terms of 64 months.

In addition, the company has entered into lease agreements for premises, where the obligation as of 31 December 2023 during the non-termination period (24 month) amounts to DKK 945 thousand.

17 Security and collateral

The company's bank and insurance company has provided third-party guarantees that are usual to the business. Guarantees at 31. december 2023 amount to DKK 9,011 thousand.

Bank loans are secured by way of floating charge of DKK 11 mio. nominal secured on unsecured claims, inventories, operating equipment, etc. The carrying amount of the assets pledged is DKK 37,089 thousand as of 31. december 2023.

As security for DELPRO Holding A/S's bank loan, a guarantee of all debt has been provided. The bank loan at 31. december 2023 totals DKK 2,024 thousand.

As security for DELPRO Wind A/S's bank loans, a guarantee of maximum DKK 5,000 thousand has been provided. The bank loans as of 31. december 2023 totals DKK 20,178 thousand.

As security for debt to mortgage bank, DKK 8,224 thousand, security has been provided in the form of an owner's mortgage deed of nomination of DKK 8,224 thousand in land and buildings whose carrying value as at 31 December 2023 is DKK 13,725 thousand.

18 Related parties

Financial statements 1 January - 31 December

Notes to the financial statements

DELPRO A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Friis Group A/S	Haderslev	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Friis Group A/S	Haderslev	Cvr.dk

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

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