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# ***Hitachi Rail GTS Denmark A/S***

Industriparken 39, DK-2750 Ballerup

## **Annual Report for 2023**

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CVR No. 32 07 51 93

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 8/7 2024

Johannes Boyer  
Chairman of the  
general meeting

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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hitachi Rail GTS Denmark 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 at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Ballerup, 8 July 2024

## Executive Board

Filipe Manuel de Valsassina Serra  
CEO

## Board of Directors

Johannes Boyer  
Chairman

Filipe Manuel de Valsassina Serra    Franciscus Robertus Adrianus  
Warnau

# Independent Auditor's report

To the shareholder of Hitachi Rail GTS Denmark A/S

## Opinion

We have audited the Financial Statements of Hitachi Rail GTS Denmark 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 a summary of significant 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 8 July 2024

## Mazars

Statsautoriseret Revisionspartnerselskab

*CVR No 31 06 17 41*

Dennis Herholdt Rasmussen

State Authorised Public Accountant

mne43413

## Company information

<b>The Company</b>	Hitachi Rail GTS Denmark A/S Industriparken 39 2750 Ballerup  CVR No: 32 07 51 93 Financial period: 1 January - 31 December Incorporated: 6 March 2009 Financial year: 15th financial year Municipality of reg. office: Ballerup
<b>Board of Directors</b>	Johannes Boyer, chairman Filipe Manuel de Valsassina Serra Franciscus Robertus Adrianus Warnau
<b>Executive Board</b>	Filipe Manuel de Valsassina Serra
<b>Auditors</b>	Mazars Statsautoriseret Revisionspartnerselskab Midtermolen 1, 2. tv 2100 København Ø

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	243,137	294,452	267,895	164,643	223,208
Gross profit	116,338	103,361	88,532	72,347	81,849
Profit/loss of primary operations	34,837	10,295	6,053	-16,668	6,064
Profit/loss of financial income and expenses	48,688	71,965	43,980	70,938	28,454
Net profit/loss for the year	76,504	80,058	48,809	57,133	33,045
<b>Balance sheet</b>					
Balance sheet total	607,974	814,022	842,961	667,278	638,047
Investment in property, plant and equipment	54	342	1,299	424	58
Equity	262,254	185,750	131,031	82,222	25,089
Number of employees	84	92	92	87	88
<b>Ratios</b>					
Gross margin	47.8%	35.1%	33.0%	43.9%	36.7%
Profit margin	14.3%	3.5%	2.3%	-10.1%	2.7%
Return on assets	5.7%	1.3%	0.7%	-2.5%	1.0%
Solvency ratio	43.1%	22.8%	15.5%	12.3%	3.9%
Return on equity	34.2%	50.5%	45.8%	106.5%	385.7%

Moreover, reference is made to note 19, in which the matter is described in further details. The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

# Management's review

## Key activities

The Company's main activity consist of developing, exporting, importing, buying and providing services (comprising project management and maintenance) concerning all kind of electronics, comprising electrical and electronical systems, computer and communication systems, transportsignal and security solutions, machines, products and processes and parts for these, and related activities inclusive possession of shares in companies or other assets. The company participates in a consortium, set up between the Company & Strukton Rail Danmark A/S which in December 2011 was selected by Banedanmark A/S for the resignalling of the western railway network in Denmark. The contract was signed on 31 January 2012.

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 76,504,317, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 262,254,213.

## Operating risks

The Company has a back-to-back agreement with GTS Deutschland GmbH in relation to a supplier agreement with BaneDanmark (BDK). The Company has no other special operating, market, foreign exchange, interests or credit risks.

## Targets and expectations for the year ahead

The primary objective for the upcoming year is to finalize the settlement related to the extension of time and the maintenance settlement. This crucial step is necessary to ensure all contractual and operational aspects are thoroughly addressed and resolved. Furthermore, there is a significant emphasis on improving and expanding the service organization. This enhancement is essential to effectively cope with the increasing demands from the project, given that more than 70% of the line will be operational starting next year.

## Research and development

The Company has no research and development activities.

## Intellectual capital resources

It is essential for the Company to attract and maintain competent employees, and therefore significant resources are invested in training of the Company's employees at all levels. It is the Company's policy that all employees should develop in their positions.

## Uncertainty relating to recognition and measurement

In general, management and reporting on larger projects delivered over longer periods of time is by its nature causing some uncertainty relating to recognition and measurements. In the view of the management no impairment is needed due to a positive trend on commercial prospects leading to less uncertainty on commercial assumptions, and therefore no impairment is applied. Recognition and measurement in the Annual Report have not been subject to other material uncertainty.

## Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Revenue		243,137,107	294,451,729
Change in inventories of finished goods, work in progress and goods for resale		-9,478,395	3,390,275
Other operating income		11,607,744	31,211,873
Expenses for raw materials and consumables		-93,046,092	-174,807,334
Other external expenses		-35,882,754	-50,885,231
<b>Gross profit</b>		<b>116,337,610</b>	<b>103,361,312</b>
Staff expenses	1	-81,132,413	-92,361,589
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-368,107	-704,827
<b>Profit/loss before financial income and expenses</b>		<b>34,837,090</b>	<b>10,294,896</b>
Income from investments in subsidiaries	3	51,801,000	72,244,133
Financial income	4	433,493	853,777
Financial expenses	5	-3,546,428	-1,133,217
<b>Profit/loss before tax</b>		<b>83,525,155</b>	<b>82,259,589</b>
Tax on profit/loss for the year	6	-7,020,838	-2,202,053
<b>Net profit/loss for the year</b>	7	<b>76,504,317</b>	<b>80,057,536</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Software		0	84,453
<b>Intangible assets</b>	8	<b>0</b>	<b>84,453</b>
Other fixtures and fittings, tools and equipment		629,416	825,680
Leasehold improvements		280,271	313,998
<b>Property, plant and equipment</b>	9	<b>909,687</b>	<b>1,139,678</b>
Investments in subsidiaries	10	35,698,233	35,698,233
Deposits	11	2,194,343	2,033,587
<b>Fixed asset investments</b>		<b>37,892,576</b>	<b>37,731,820</b>
<b>Fixed assets</b>		<b>38,802,263</b>	<b>38,955,951</b>
<b>Inventories</b>	12	<b>61,317,282</b>	<b>70,795,677</b>
Trade receivables		10,327,008	7,410,741
Contract work in progress	13	374,691,321	401,039,353
Receivables from group enterprises		74,150,465	82,326,775
Other receivables		32,796	309,230
Corporation tax		0	205,318
Corporation tax receivable from group enterprises		3,270,140	1,243,848
Prepayments	14	41,224,900	1,169,930
<b>Receivables</b>		<b>503,696,630</b>	<b>493,705,195</b>
<b>Cash at bank and in hand</b>		<b>4,157,998</b>	<b>210,565,602</b>
<b>Current assets</b>		<b>569,171,910</b>	<b>775,066,474</b>
<b>Assets</b>		<b>607,974,173</b>	<b>814,022,425</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		500,000	500,000
Retained earnings		261,754,213	185,249,897
<b>Equity</b>		<b>262,254,213</b>	<b>185,749,897</b>
Provision for deferred tax	15	24,103,078	31,405,170
Other provisions	16	1,646,400	1,568,000
<b>Provisions</b>		<b>25,749,478</b>	<b>32,973,170</b>
Trade payables		19,501,144	42,232,289
Payables to group enterprises		254,333,322	526,034,121
Corporation tax		4,335,048	0
Payables to group enterprises relating to corporation tax		23,000,709	6,017,956
Other payables		18,800,259	21,014,992
<b>Short-term debt</b>		<b>319,970,482</b>	<b>595,299,358</b>
<b>Debt</b>		<b>319,970,482</b>	<b>595,299,358</b>
<b>Liabilities and equity</b>		<b>607,974,173</b>	<b>814,022,425</b>
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Accounting Policies	19		

## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500,000	210,588,882	211,088,882
Net effect of correction of material misstatements	0	-25,338,986	-25,338,986
Adjusted equity at 1 January	500,000	185,249,896	185,749,896
Net profit/loss for the year	0	76,504,317	76,504,317
<b>Equity at 31 December</b>	<b>500,000</b>	<b>261,754,213</b>	<b>262,254,213</b>

# Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	75,647,829	86,235,485
Pensions	5,065,484	5,413,655
Other social security expenses	333,780	523,864
Other staff expenses	85,320	188,585
	<b>81,132,413</b>	<b>92,361,589</b>
Including remuneration to the Executive Board:		
Executive board	2,638,578	2,104,276
Board of directors	0	0
	<b>2,638,578</b>	<b>2,104,276</b>
<b>Average number of employees</b>	<b>84</b>	<b>92</b>
Board of directors have not received remuneration for their management positions in the accounting year, nor in 2022.		
	2023	2022
	DKK	DKK
<b>2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	84,453	355,460
Depreciation of property, plant and equipment	283,654	349,367
	<b>368,107</b>	<b>704,827</b>
	2023	2022
	DKK	DKK
<b>3. Income from investments in subsidiaries</b>		
Dividend	51,801,000	72,244,133
	<b>51,801,000</b>	<b>72,244,133</b>
	2023	2022
	DKK	DKK
<b>4. Financial income</b>		
Other financial income	419,992	420,763
Exchange adjustments	13,501	433,014
	<b>433,493</b>	<b>853,777</b>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>5. Financial expenses</b>		
Interest paid to group enterprises	3,175,722	725,869
Other financial expenses	25,950	329,941
Exchange adjustments, expenses	344,756	77,407
	<u><b>3,546,428</b></u>	<u><b>1,133,217</b></u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>6. Income tax expense</b>		
Current tax for the year	4,335,048	-2,571,493
Deferred tax for the year	-7,302,092	4,807,247
Adjustment of tax concerning previous years	0	324,879
Adjustment of deferred tax concerning previous years	9,987,882	-358,580
	<u><b>7,020,838</b></u>	<u><b>2,202,053</b></u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>7. Profit allocation</b>		
Retained earnings	<u>76,504,317</u>	<u>80,057,536</u>
	<u><b>76,504,317</b></u>	<u><b>80,057,536</b></u>
<b>8. Intangible fixed assets</b>		
		<u>Software</u>
		DKK
Cost at 1 January		<u>1,745,798</u>
Cost at 31 December		<u>1,745,798</u>
Impairment losses and amortisation at 1 January		1,661,345
Amortisation for the year		<u>84,453</u>
Impairment losses and amortisation at 31 December		<u>1,745,798</u>
<b>Carrying amount at 31 December</b>		<u><b>0</b></u>
Amortised over		<u>4 years</u>

## Notes to the Financial Statements

### 9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	1,420,689	364,782
Additions for the year	53,663	0
Disposals for the year	-4,192	0
Cost at 31 December	<u>1,470,160</u>	<u>364,782</u>
Impairment losses and depreciation at 1 January	595,009	50,784
Depreciation for the year	249,927	33,727
Reversal of impairment and depreciation of sold assets	-4,192	0
Impairment losses and depreciation at 31 December	<u>840,744</u>	<u>84,511</u>
<b>Carrying amount at 31 December</b>	<u><b>629,416</b></u>	<u><b>280,271</b></u>
Amortised over	<u>3-5 years</u>	<u>15 years</u>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>10. Investments in subsidiaries</b>		
Cost at 1 January	35,698,233	35,698,233
Cost at 31 December	35,698,233	35,698,233
<b>Carrying amount at 31 December</b>	<b>35,698,233</b>	<b>35,698,233</b>

The value of CUBRIS ApS has been assessed in all material matters correct and all material assumptions have been included, arriving at a valuation from the net present value of the next 5 years cash flows (as the company is still in a growing phase) and the terminal value, based on the current business plan, derived from the commercial prospects, the order backlog and the R&D development. Beyond the 5 years the growth was conservatively limited at 1%. The commercial prospects are benefitting from the Thales BL MLS customer base, enabling a broader access to already established customers. The discount rate retained was based on the Thales Group discount rate of 8% plus 2% to account for the risk of variation of assumptions due to the development phase the company is in. The value calculated does not give rise to depreciation of the book value of the Cubris shares.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Owner-ship	Equity	Net profit/loss for the year
Revenue Collection Systems Denmark ApS	Ballerup	125.000	100%	70,319,200	69,093,710
Cubris ApS	Ballerup	125.000	100%	-37,674,898	-8,534,365
				<b>32,644,302</b>	<b>60,559,345</b>

The Company has a 50% ownership of the partnership 'Fjernbane West Project I/S' together with Strukton Rail Danmark A/S.

The partnership has domicile in Copenhagen.

As of 31 December 2023 the partnership's capital account amounted to DKK 0 and the result of the year 2023 amounted to DKK 0 as well.

### 11. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	2,033,587
Additions for the year	160,756
Cost at 31 December	2,194,343
<b>Carrying amount at 31 December</b>	<b>2,194,343</b>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>12. Inventories</b>		
Finished goods and goods for resale	61,317,282	70,795,677
	<u>61,317,282</u>	<u>70,795,677</u>

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>13. Contract work in progress</b>		
Selling price of work in progress	2,397,674,396	2,139,322,475
Payments received on account	-2,022,983,075	-1,738,283,122
	<u>374,691,321</u>	<u>401,039,353</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	374,691,321	401,039,353
	<u>374,691,321</u>	<u>401,039,353</u>

## 14. Prepayments

Prepayments consist of prepaid expenses concerning prepayments for suppliers, rent, insurance premiums and subscriptions.

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>15. Provision for deferred tax</b>		
Deferred tax liabilities at 1 January	31,405,170	26,956,503
Amounts recognised in the income statement for the year	-7,302,092	4,807,247
Amounts recognised in equity for the year	0	-358,580
Deferred tax liabilities at 31 December	<u>24,103,078</u>	<u>31,405,170</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>16. Other provisions</b>		
Other provisions	1,646,400	1,568,000
	<u>1,646,400</u>	<u>1,568,000</u>

The provisions are expected to mature as follows:

Provisions falling due after 5 years	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>17. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,612,756	3,725,986
Between 1 and 5 years	21,559,366	14,447,469
After 5 years	4,250,364	13,637,666
	<u>28,422,486</u>	<u>31,811,121</u>

### Other contingent liabilities

The Company has a back-to-back agreement with GTS DEUTSCHLAND GmbH in relation to the supplier agreement with BaneDanmark.

The company has issued a declaration of support to the subsidiary Cubris ApS to ensure its continuing operation, and to meet its liabilities as they fall due for a period until the annual general meeting of the Company in 2025.

The Company is jointly taxed with other Danish companies in the Thales Group. Ground Transportation Systems Denmark A/S is the administration company of the joint taxation. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. Furthermore, the Danish companies of the Group are jointly and severally liable to the Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

# Notes to the Financial Statements

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

	<u>Basis</u>
<b>Controlling interest</b>	
Centelec UK Limited	Owner

### Transactions

During the year, the Company had the following transactions with other group enterprises:

Sales to group enterprises consist of invoicing to the Fjernbane West I/S consortium and re-invoicing of common costs and in 2023 amounts to TDKK 266.840. The sales have been entered into at arm's length.

Purchases from group enterprises consist of engineering work, royalties, re-invoicing of costs, etc. and in 2023 amounts to TDKK 99.717. The purchases have been entered into arm's length.

Receivables from group enterprises at the end of 2023 amounts to TDKK 74.150.

Payables to group enterprises at the end of 2023 amounts to TDKK 277.334.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of Thales S.A. 45, Tour Carpe Diem -31, Place des Corolles 92098 Paris La Defense, France

<u>Name</u>	<u>Place of registered office</u>
Thales S.A. Tour Carpe Diem -31, Place des Corolles 92098 Paris La Defense	France

The Group Annual Report of may be obtained at the following address:

The Group Annual Report of Thales S.A., Tour Carpe Diem -31, Place des Corolles 92098 Paris La Defense may be obtained at the following address:

<https://www.thalesgroup.com/en/investors>

# Notes to the Financial Statements

## 19. Accounting policies

The Annual Report of Hitachi Rail GTS Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2023 are presented in DKK.

### Correction of material misstatements

During the year 2023, the company had identified some material errors in its financial accounting from the prior years due to :

- some wrong classification of advances and supplier final invoice,
- missing advance invoices from external supplier &
- calculation error in contract work in progress

and had now rectified it to give a more true and fair view of the financial position and the results of the company. The change has the following effect on 2023 numbers :

Contract Work in progress decrease : DKK 25.698.163

Prepayments increase : DKK 359.178

Net Equity decrease : DKK 25.338.986

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of Thales S.A. Tour Carpe Diem -31, Place des Corolles 92098 Paris La Defense, the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Thales S.A. Tour Carpe Diem -31, Place des Corolles 92098 Paris La Defense, the Company has not prepared a cash flow statement.

### Recognition and measurement

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

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

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

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

### Translation policies

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

# Notes to the Financial Statements

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

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

## Income statement

### Revenue

The net turnover is recognised in the profit and loss account when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract. IFRS 15 rules applied and Revenue is recognised based on cost-to-cost method.

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

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

### Expenses for raw materials and consumables

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

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of Intangible and Fixed Assets.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of Fixed Assets.

# Notes to the Financial Statements

## Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

## Financial income and expenses

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

## Tax on profit/loss for the year

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

The Company is jointly taxed with The Company is jointly taxed with the other Danish group enterprises. The Company acts as management company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible fixed assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software is amortised on a straight-line basis over its useful life, which assessed at 4 years.

### Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

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

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

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, writedown is made to this lower value.

# Notes to the Financial Statements

## Other fixed asset investments

Other fixed asset investments consist of deposits.

## Inventories

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

The cost of finished goods and goods for resale equals landed cost.

## Receivables

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

## Contract work in progress

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

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

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

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

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums etc.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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

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

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

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

## Financial Highlights

### Explanation of financial ratios

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