
Epcido Holding A/S

Sakskøbingvej 4, DK-7400 Herning

Annual Report for 1 November 2023 - 31 October 2024

CVR No. 42 82 78 94

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/1 2025

Brian Kærgaard
Mathiesen
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 Epcido Holding A/S for the financial year 1 November 2023 - 31 October 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 October 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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

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

Herning, 16 January 2025

Executive Board

Flemming Noes Lorentzen
Executive Officer

Pawel Lukasz Rosiak
Executive Officer

Board of Directors

Brian Kærgaard Mathiesen
Chair

Lars Jensen

Flemming Noes Lorentzen

Srikanth Apputhurai

Pawel Lukasz Rosiak

Mads Kragh Jensen

Independent Auditor's report

To the shareholder of Epcido Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 October 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 November 2023 - 31 October 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Epcido Holding A/S for the financial year 1 November 2023 - 31 October 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Trekantområdet, 16 January 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer

State Authorised Public Accountant

mne24817

Heidi Bonde

State Authorised Public Accountant

mne42815

Company information

The Company	Epcido Holding A/S Sakskøbingvej 4 DK-7400 Herning CVR No: 42 82 78 94 Financial period: 1 November 2023 - 31 October 2024 Municipality of reg. office: Herning
Board of Directors	Brian Kærgaard Mathiesen, chair Lars Jensen Flemming Noes Lorentzen Srikanth Apputhurai Pawel Lukasz Rosiak Mads Kragh Jensen
Executive Board	Flemming Noes Lorentzen Pawel Lukasz Rosiak
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Group Chart

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

Financial Highlights

Seen over a 3-year period, the development of the Group is described by the following financial highlights:

	Group		
	2023/24	2022/23	2021/22
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Revenue	151,331	183,465	150,799
Gross profit	56,519	74,406	40,496
EBITDA	9,990	23,431	12,571
Depreciation, amortisation and impairment	-964	-1,391	-636
Profit/loss of primary operations	9,026	22,040	11,935
Profit/loss of financial income and expenses	-614	331	-490
Profit/loss before tax	8,412	22,371	11,445
Tax on profit/loss for the year	-1,894	-4,934	-2,901
Net profit/loss for the year	6,518	17,437	8,544
Balance sheet			
Balance sheet total	73,403	55,048	54,728
Investment in property, plant and equipment	5,964	754	1,905
Equity	34,406	36,836	25,062
Cash flows			
Cash flows from:			
- operating activities	26,509	4,068	15,499
- investing activities	-5,106	-1,081	-2,008
- financing activities	-10,376	-3,596	-1,390
Change in cash and cash equivalents for the year	11,027	-609	12,101
Number of employees	129	173	81
Ratios			
Gross margin	37.3%	40.6%	26.9%
Profit margin	6.0%	12.0%	7.9%
Return on assets	12.3%	40.0%	21.8%
Solvency ratio	46.9%	66.9%	45.8%
Return on equity	18.3%	56.3%	68.2%

The key figures have been prepared in accordance with the recommendations and key figures of the Finance Association. Please refer to the definitions in the section on accounting policies.

Management's review

Key activities

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

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

Development in the year

The Epcido Group has for 2023/24 achieved a turnover of DKK 151,331,020 and a result before financial items of DKK 9,025,884.

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

In the fiscal year, Epcido Group has maintained its focus on various key aspects, including business development, delivery, service enhancement, and the installation of advanced production facilities, products, processes, and digitization for its clientele.

The results for the year have not met expectations due to slower work progress on key projects and increased investments in ERP implementation and Epcido Academy.

The management systems of the group are being reinforced and tailored, continuing to be integrated into the IT management platform in 2023/24, effectively digitizing the Group. The objective is to cultivate a performance-driven culture across the organization to maximize customer value in the future.

2024 marked a significant IT transformation as the Group transitioned from five different accounting systems to a single unified solution - Microsoft Dynamics Business Central 365. This transition was successfully completed, with all accounting processes migrating to the new system from November 1, 2024.

As part of the strategic direction, investments have been allocated in the past and current years towards establishing our training and education center in Gdansk - Epcido Academy. This initiative strengthens the Epcido Group for the upcoming year, enabling enhanced service delivery along the customer value chain.

The official opening of the Epcido Academy in July 2024 in Poland aimed to educate the first 25 electricians by the end of December 2024. Future plans include educating 75 electricians and 25 mechanics in 2025.

At the beginning of 2024, Epcido Group made a strategic decision to centralize all procurement activities for tools and equipment into a newly established warehouse in Gdansk. This facility will serve as the group's logistic hub for supplying projects worldwide with necessary tools and equipment.

Last year's expectations for 2023/24 were revenue growth of 0% to 20% and earnings before tax (EBT) of 10% to 20%. The expectations regarding revenue growth have not been fulfilled because there has been slower progress on a few projects. Earnings before tax are lower than expected. There are 3 main reasons for this; 1. Increased investments in Epcido Academy, 2. Implementation of Business Central and 3. Lower turnover on a few projects.

General risks

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

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

Foreign exchange risks

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

Management's review

Credit risks

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

Targets and expectations for the year ahead

The year 2024 marked a record-breaking period in the number of requests received by the Epcido Group. A noticeable uptick in requests compared to the previous year posed a significant challenge, particularly in light of the limited resources available to manage and execute all projects effectively. The introduction of newly trained electricians and mechanics from our in-house training facility is poised to enhance Epcido's project execution capacity in the upcoming year, heralding a promising future for the organization.

Despite a decrease in activities in North America compared to previous years, Epcido secured a higher number of projects in the EMEA region, strategically balancing its project portfolio.

As we look towards the upcoming fiscal year, the outlook for the entire Epcido Group is one of optimism. Anticipating revenue growth at the Group level ranging from 10% to 20% and project earnings before tax (EBT) of 20% to 40% for 2024/25, our projections are firmly supported by the existing order backlog and pipeline at the onset of the financial year. This solid foundation instills confidence in our ability to meet and exceed these targets.

The management is resolute in its belief that a focus on the green transition will be advantageous for the company's clientele. A significant proportion of customers globally have either accelerated or are planning to accelerate their investments towards sustainable initiatives, aligning with the company's strategic direction and market trends.

External environment

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

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

Intellectual capital resources

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

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

Subsequent events

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

Income statement 1 November 2023 - 31 October 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Revenue		151,331,020	183,464,856	0	0
Other operating income		116,865	239,161	0	0
Expenses for raw materials and consumables		-87,957,753	-102,440,249	0	0
Other external expenses		-6,971,178	-6,857,349	-37,500	-81,525
Gross profit		56,518,954	74,406,419	-37,500	-81,525
Staff expenses	1	-46,151,296	-50,925,123	0	0
Depreciation and impairment losses of property, plant and equipment		-963,677	-1,391,189	0	0
Other operating expenses		-378,097	-49,948	0	0
Profit/loss before financial income and expenses		9,025,884	22,040,159	-37,500	-81,525
Income from investments in subsidiaries		0	0	6,578,532	17,487,587
Financial income	2	1,467,996	2,051,000	0	0
Financial expenses	3	-2,081,564	-1,720,322	0	-3,205
Profit/loss before tax		8,412,316	22,370,837	6,541,032	17,402,857
Tax on profit/loss for the year	4	-1,893,946	-4,933,559	8,250	18,311
Net profit/loss for the year	5	6,518,370	17,437,278	6,549,282	17,421,168

Balance sheet 31 October 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Acquired licenses		3,195,296	2,026,250	0	0
Intangible assets	6	3,195,296	2,026,250	0	0
Other fixtures and fittings, tools and equipment		3,399,200	797,941	0	0
Property, plant and equipment in progress		363,822	0	0	0
Property, plant and equipment	7	3,763,022	797,941	0	0
Investments in subsidiaries	8	0	0	34,280,051	36,834,804
Fixed asset investments		0	0	34,280,051	36,834,804
Fixed assets		6,958,318	2,824,191	34,280,051	36,834,804
Finished goods and goods for resale		0	17,214	0	0
Inventories		0	17,214	0	0
Trade receivables		24,229,535	21,545,586	0	0
Contract work in progress	9	6,362,314	6,736,889	0	0
Receivables from group enterprises		1,717,607	493,761	171,236	1,854
Other receivables		410,550	1,091,480	0	0
Corporation tax		938,718	456,488	0	0
Corporation tax receivable from group enterprises		0	205,442	8,250	18,311
Prepayments	10	709,165	627,315	0	0
Receivables		34,367,889	31,156,961	179,486	20,165
Cash at bank and in hand		32,076,928	21,050,075	0	0
Current assets		66,444,817	52,224,250	179,486	20,165
Assets		73,403,135	55,048,441	34,459,537	36,854,969

Balance sheet 31 October 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Share capital	11	402,000	402,000	402,000	402,000
Reserve for net revaluation under the equity method		0	0	19,806,602	22,329,355
Reserve for exchange rate conversion		459,007	346,614	0	0
Retained earnings		33,544,693	26,995,411	14,197,098	5,012,670
Proposed dividend for the year		0	9,000,000	0	9,000,000
Equity attributable to shareholders of the Parent Company		34,405,700	36,744,025	34,405,700	36,744,025
Minority interests		0	92,333	0	0
Equity		34,405,700	36,836,358	34,405,700	36,744,025
Provision for deferred tax	12	942,195	386,429	0	0
Provisions		942,195	386,429	0	0
Prepayments received from customers		0	214,386	0	0
Trade payables		8,235,996	7,836,323	5,737	5,738
Contract work in progress	9	21,814,419	854,968	0	0
Payables to group enterprises		124,331	223,303	0	57,106
Corporation tax		280,742	4,229,755	0	0
Payables to group enterprises relating to corporation tax		1,044,194	0	0	0
Other payables		6,555,558	4,332,660	48,100	48,100
Deferred income	13	0	134,259	0	0
Short-term debt		38,055,240	17,825,654	53,837	110,944
Debt		38,055,240	17,825,654	53,837	110,944
Liabilities and equity		73,403,135	55,048,441	34,459,537	36,854,969
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Accounting Policies	18				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 November	402,000	346,614	26,995,411	9,000,000	36,744,025	92,333	36,836,358
Exchange adjustments	0	112,393	0	0	112,393	0	112,393
Ordinary dividend paid	0	0	0	-9,000,000	-9,000,000	-52,797	-9,052,797
Other equity movements	0	0	0	0	0	-8,624	-8,624
Net profit/loss for the year	0	0	6,549,282	0	6,549,282	-30,912	6,518,370
Equity at 31 October	402,000	459,007	33,544,693	0	34,405,700	0	34,405,700

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 November	402,000	22,329,355	5,012,670	9,000,000	36,744,025
Exchange adjustments	0	112,393	0	0	112,393
Ordinary dividend paid	0	0	0	-9,000,000	-9,000,000
Dividend from group enterprises	0	-9,211,200	9,211,200	0	0
Other equity movements	0	-2,478	0	0	-2,478
Net profit/loss for the year	0	6,578,532	-26,772	0	6,551,760
Equity at 31 October	402,000	19,806,602	14,197,098	0	34,405,700

Cash flow statement 1 November 2023 - 31 October 2024

	Note	Group	
		2023/24	2022/23
		DKK	DKK
Result of the year		6,518,370	17,437,278
Adjustments	14	3,583,584	6,362,217
Change in working capital	15	21,540,297	-17,274,111
Cash flow from operations before financial items		31,642,251	6,525,384
Financial income		1,467,996	2,051,000
Financial expenses		-2,081,564	-1,720,322
Cash flows from ordinary activities		31,028,683	6,856,062
Corporation tax paid		-4,519,788	-2,788,266
Cash flows from operating activities		26,508,895	4,067,796
Purchase of intangible assets		-1,639,146	-450,000
Purchase of property, plant and equipment		-3,458,657	-754,262
Sale of property, plant and equipment		0	123,208
Business sale		-8,624	0
Cash flows from investing activities		-5,106,427	-1,081,054
Repayment of payables to group enterprises		-1,322,818	0
Raising of payables to group enterprises		0	2,404,394
Dividend paid		-9,052,797	-6,000,000
Cash flows from financing activities		-10,375,615	-3,595,606
Change in cash and cash equivalents		11,026,853	-608,864
Cash and cash equivalents at 1 November		21,050,075	21,658,939
Cash and cash equivalents at 31 October		32,076,928	21,050,075
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		32,076,928	21,050,075
Cash and cash equivalents at 31 October		32,076,928	21,050,075

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
1. Staff expenses				
Wages and salaries	40,055,236	47,014,967	0	0
Pensions	639,007	407,809	0	0
Other social security expenses	5,457,053	3,502,347	0	0
	46,151,296	50,925,123	0	0
Including remuneration to the Executive Board	2,479,006	2,114,816	0	0
Average number of employees	129	173	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
2. Financial income				
Other financial income	1,364,212	1,071,696	0	0
Exchange adjustments	103,784	979,304	0	0
	1,467,996	2,051,000	0	0

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
3. Financial expenses				
Interest paid to group enterprises	0	0	0	1,705
Other financial expenses	1,800,754	1,518,487	0	1,500
Exchange adjustments, expenses	280,810	201,835	0	0
	2,081,564	1,720,322	0	3,205

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
4. Income tax expense				
Current tax for the year	2,050,130	5,493,522	-8,250	-18,311
Deferred tax for the year	555,766	32,175	0	0
Adjustment of tax concerning previous years	-711,950	-592,138	0	0
	1,893,946	4,933,559	-8,250	-18,311

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
5. Profit allocation				
Proposed dividend for the year	0	9,000,000	0	9,000,000
Reserve for net revaluation under the equity method	0	0	6,576,054	11,487,587
Minority interests' share of net profit/loss of subsidiaries	-30,912	16,110	0	0
Retained earnings	6,549,282	8,421,168	-26,772	-3,066,419
	6,518,370	17,437,278	6,549,282	17,421,168

6. Intangible fixed assets

Group

	Acquired licenses
	DKK
Cost at 1 November	2,503,420
Additions for the year	1,639,146
Cost at 31 October	4,142,566
Impairment losses and amortisation at 1 November	477,170
Amortisation for the year	470,100
Impairment losses and amortisation at 31 October	947,270
Carrying amount at 31 October	3,195,296

Notes to the Financial Statements

7. Property, plant and equipment Group

	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK
Cost at 1 November	1,460,854	0
Exchange adjustment	8,867	0
Additions for the year	3,094,835	2,869,458
Transfers for the year	0	-2,505,636
Cost at 31 October	<u>4,564,556</u>	<u>363,822</u>
Impairment losses and depreciation at 1 November	662,912	0
Exchange adjustment	10,444	0
Depreciation for the year	492,000	0
Impairment losses and depreciation at 31 October	<u>1,165,356</u>	<u>0</u>
Carrying amount at 31 October	<u>3,399,200</u>	<u>363,822</u>

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	DKK	DKK
8. Investments in subsidiaries		
Cost at 1 November	14,505,449	14,505,449
Disposals for the year	-32,000	0
Cost at 31 October	<u>14,473,449</u>	<u>14,505,449</u>
Value adjustments at 1 November	22,329,355	10,489,392
Disposals for the year	-2,478	0
Exchange adjustment	112,393	352,376
Net profit/loss for the year	6,578,532	17,487,587
Dividend to the Parent Company	-9,211,200	-6,000,000
Value adjustments at 31 October	<u>19,806,602</u>	<u>22,329,355</u>
Carrying amount at 31 October	<u>34,280,051</u>	<u>36,834,804</u>

Investments in subsidiaries are specified as follows:

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

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
9. Contract work in progress				
Selling price of work in progress	65,726,447	78,938,310	0	0
Payments received on account	-81,178,552	-73,056,389	0	0
	-15,452,105	5,881,921	0	0
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	6,362,314	6,736,889	0	0
Prepayments received recognised in debt	-21,814,419	-854,968	0	0
	-15,452,105	5,881,921	0	0

10. Prepayments

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

11. Share capital

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

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
12. Provision for deferred tax				
Deferred tax liabilities at 1 November	386,429	354,254	0	0
Amounts recognised in the income statement for the year	555,766	32,175	0	0
Deferred tax liabilities at 31 October	942,195	386,429	0	0

13. Deferred income

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

Notes to the Financial Statements

	Group	
	2023/24	2022/23
	DKK	DKK
14. Cash flow statement - Adjustments		
Financial income	-1,467,996	-2,051,000
Financial expenses	2,081,564	1,720,322
Depreciation, amortisation and impairment losses, including losses and gains on sales	963,677	1,391,189
Tax on profit/loss for the year	1,893,946	4,933,559
Exchange adjustments	112,393	368,147
	3,583,584	6,362,217

	Group	
	2023/24	2022/23
	DKK	DKK
15. Cash flow statement - Change in working capital		
Change in inventories	17,214	361,716
Change in receivables	-1,710,294	-3,394,245
Change in trade payables, etc	23,233,377	-14,241,582
	21,540,297	-17,274,111

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The Group has assumed lease commitments amounting to DKK 1,143k as at the balance sheet date. The Group has assumed obligation to designate buyer, operating leases. Expected residual value on expiry agreement DKK 309k.

The Group has assumed rent obligation amounting to DKK 3,902k as at the balance sheet date.

Notes to the Financial Statements

16. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

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

17. Related parties and disclosure of consolidated financial statements

Transactions

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

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

Consolidated Financial Statements

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

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

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Epcido Holding A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in DKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Minority interests

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

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

Leases

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates 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

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

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

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Intangible fixed assets

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

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	2-5 years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

Notes to the Financial Statements

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

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

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

Inventories

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

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

The cost of goods for resale equals landed cost.

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

Receivables

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

Contract work in progress

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

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

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

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

Prepayments

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

Equity

Dividend

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

Notes to the Financial Statements

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

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

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

Deferred income

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

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Notes to the Financial Statements

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin

Gross profit x 100 / Revenue

Profit margin

Profit/loss of primary operations x 100 / Revenue

Return on assets

Profit/loss of primary operations x 100 / Total assets at year end

Solvency ratio

Equity at year end x 100 / Total assets at year end

Return on equity

Net profit for the year x 100 / Average equity