Valcon A/S

Meldahlsgade 5, 2., DK-1613 København V

Annual Report for 1 July 2020 - 30 June 2021

CVR No 25 25 40 90

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 1 /10 2021

Lars Kallestrup
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 Valcon A/S for the financial year 1 July 2020 - 30 June 2021.

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 30 June 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

København, 1 October 2021

Executive Board

Stig Jessen

Michael Hjortlund

Board of Directors

Gerard Pieter Marie van den Goor
Chairman

Maarten Anton Theodoor Icking

Thomas Arne Fischer

Independent Auditor's Report

To the Shareholder of Valcon A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Valcon A/S for the financial year 1 July 2020 - 30 June 2021, 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 Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Consolidated Financial Statements and Parent Company Financial Statements

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the Consolidated Financial Statements and Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Independent Auditor's Report

Hellerup, 1 October 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
statsautoriseret revisor
mne18628

Kim Danstrup
statsautoriseret revisor
mne32201

Company Information

The Company	Valcon A/S Meldahlsgade 5, 2. DK-1613 København V CVR No: 25 25 40 90 Financial period: 1 July - 30 June Municipality of reg. office: København
Board of Directors	Gerard Pieter Marie van den Goor, Chairman Maarten Anton Theodoor Icking Thomas Arne Fischer
Executive Board	Stig Jessen Michael Hjortlund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2020/21	2019/20	2018/19	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	226,008	257,262	264,498	265,518	258,190
Gross profit/loss	159,138	185,957	165,784	181,764	171,808
Operating profit/loss	32,438	41,687	11,953	42,426	31,105
Net financials	-352	-305	2,605	-1,301	-776
Profit/loss from discontinuing activities	111	-1,391	0	0	0
Net profit/loss for the year	25,215	30,833	12,542	32,136	23,579
Balance sheet					
Balance sheet total	121,219	136,339	102,210	133,522	130,597
Equity	59,821	67,171	48,870	68,508	60,045
Number of employees	109	132	146	130	129
Ratios					
Gross margin	70.4%	72.3%	62.7%	68.5%	66.5%
Profit margin	14.4%	16.2%	4.5%	16.0%	12.0%
Return on invested capital	26.8%	30.6%	11.7%	31.8%	23.8%
Solvency ratio	49.3%	49.3%	47.8%	51.3%	46.0%
Return on equity	39.7%	53.1%	21.4%	50.0%	78.5%

In connection with organizational structure changes, the activities of Valcon AB is classified as discontinued operations, the comparative figures for 2019/20 have been restated. Comparative figures before 2019/20 have not been restated.

Management's Review

Key activities

Valcon A/S together with subsidiary in Sweden consists of knowledge-based companies. In this report, this is referred to as the group.

The business area is centred on strategic development and on operational develop-ment and management of our clients' business development, product and service development, sales, procurement and supply chain, production and distribution.

As with previous years, Valcon A/S has contributed to its mission through consultancy services within the areas of strategy, management, change leadership, innova-tion, transformation, digitalisation and efficiency improvements in both the private and public sectors.

Valcon A/S has strong competences within execution in all our areas and constantly works on being the consultancy showing how to connect strategy with operations and how to implement pragmatic solutions and ensure results. Valcon is a premium operations consulting firm in Europe, and our objective is still to be the most value-adding management consultancy.

The acitivites of Valcon AB is classified as discontinued activities in the Annual report as Management has decided and initiated the divesment of the Company to another Company within the Group. The divestment is expected to be executed within 12 months. The income statement, balance sheet and cash flows from the discontinued acitivites are described in note 6 to which we refer.

Operating model

Valcon delivers consulting services to clients in Denmark and internationally. Our operating model is a typical project delivery business with a mix of time and material and fixed price contracts. Typically, customers are serviced on a project-to-project basis or through framework agreements enabling an agile and swift approach to recurring work. Contracts are advisory in character with no extraordinary product or services risk included.

Management's Review

Development in the year

Following the launch of a new strategy in 2020 with the ambition to accelerate our position as one of the strongest operations consultancies in Europe FY2021 has been one of the most eventful years in our history. Following the intentions in our strategy, Valcon joined forces with Dutch founded First Consulting in February to embark on the journey of building a North West European alternative in consulting that is capable of helping our clients through their digital and organisational transformations. Later in the spring we were joined by the UK and Dutch founded data consulting and service provider Viqtor Davis to form a platform capable of offering premium operations consulting blended with deep technology skills. Hence, Valcon as a group has developed from around 150 fee earners to more than 800 professionals during this financial year. We now serve clients out of offices in Benelux, Scandinavia, The United Kingdom and Germany. Through these changes and the addition of competences within digital transformation, data and tech Valcon remains an advisory with Scandinavian roots and values.

Valcons fiscal year has been influenced of the effort to set the company up for growth in our new group combined with the challenging market and delivery situation for our international clients during Covid-19.

The group's revenue of DKK 226.0 million is not considered satisfactory compared with last year of DKK 257.3 million despite the Covid-19 pandemic situation taken into consideration.

This year's operating profit of DKK 32.4 million compared with DKK 41.7 million the previous year is considered not satisfactory the Covid-19 pandemic situation taken into consideration.

The Company's knowledge resources

The Company's opportunities to retain and recruit a highly qualified staff is critical to the continued development of the Company.

Over the year, we have focused on strengthening our recruitment platform, including continued focus on a talent programme for attracting and training the best candidates from universities and business schools in and outside Scandinavia, as well as a comprehensive development programme for all consultants in Valcon. We continue to work on creating concepts and building competences to increase the value of our services to our clients, including ensuring that Valcon has the most efficient methods for leading transformations and a revolutionary shift in paradigm in product development called Six Theta®.

Special risks

The Company's consultancy services are broadly based within operational and strategic consulting, and the risks the Company may be exposed to are consequently in essence the same risks found within consulting in general. There are no special financial risks with respect to the development in interest rates or exchange rates.

Management's Review

Outlook

Over the year, the group has strengthened our basis for future growth and profitability, both through a strengthened position in the market in and outside Scandinavia, and through a strong development of competencies and services. The group will in the coming financial year continue the development within all the areas in "Growth from Core" to support the growth in both turnover and an improved result. We expect the results to be influenced by the Covid-19 pandemic and has therefore readied the business through a more lean and agile cost structure going into new fiscal year. However, due to the strengthened position we expect the revenue and profitability to increase compared to the performance in 2020/2021.

Statement of corporate social responsibility

Valcon Group wants a workplace with good work conditions and the industry's highest level of welfare among employees. Valcon therefore carries out a workplace evaluation of the physical and mental work environment as well as annual employee welfare surveys/management evaluation to follow up on our employees welfare.

All applicants and employees are treated the same irrespective of gender, nationality, religion or any other differences.

The disclosed policies, key actions and results applying to the Group meets the reporting requirements of the Danish Financial Statements Act on corporate responsibility and gender composition of management (§99a and §99b). In Group, we work on the basis of a global code of behaviour. This is a set of rules that guide us in respect to human rights, social conditions, environmental and climate matters as well as the fight against corruption. We call this our Code of Conduct. We furthermore have a "Valcon Group Global Third Parties Code of Conduct" concerning our relationship with suppliers. The Group generally regards itself as not having essential risks with respect to social responsibility. Human rights are handled together with our Code of Conduct for suppliers and together with our work regarding diversity. In the work with human rights, Valcon are viewing the work from UN on human rights and believes it is the role of the State to protect, but the role as Employer to respect human rights. Relating to anti-corruption and bribery Valcon do not accept any activity relating to this and informing all employees that this is not accepted, and any activities relating to this matter should be reported. During the financial year 2020/2021 we have not registered any cases of violation of human rights or anti-corruption.

In the Group, we are aware that we play an important role as company, workplace and participant in society. Not only with respect to our role as designers and advisors in relation to many important decisions in the business world but also with respect to important global issues and challenges that we can only solve in cooperation as a society. In the Group, the human being and the talent are in focus, and we feel a special obliga-tion to these in our society.

In 2020/2021, as a natural extension of our position as a knowledge company, we have made our knowledge available through participation in conferences, internal course activities, knowledge publications and reports. We also contribute to society with a highly educated workforce.

Management's Review

Valcon and Sustainability

The ambition

As a consulting and knowledge company it is essential for us at Valcon to be a role model for the society around us and for our clients. We want to share the knowledge we have to be a driver one of the most pressing issues of our time, sustainability.

In terms of sustainability our ambition statement set the general direction of our business.

We live by our values Competence, Performance, Integrity and Joy. Our values make it our priority to support clients in their transformation towards sustainable business models.

Internally, we take steps to achieve gender equality, reduce our carbon footprint - ultimately to become carbon neutral - and being the happiest company in the world.

The targets

Environment

As a knowledge company, our direct climate footprint is relatively limited but we nevertheless believe that caring for the environment is a natural part of running a business. Valcon has during 2020/21 established an emissions baseline from 2019/2020 on scope 1, 2 and 3 emissions and reduction targets. We are committed to minimizing our own environmental footprint while helping clients improve their environmental sustainability. We monitor our Green House Gas (GHG) emissions and follow the Green House Gas Protocol guidance and market best practices. The emission levels from 2019/2020 are distributed as follows:

Overview of Valcon A/S GHG emissions (Ton Co2-e)

Scope 1 - 1
Scope 2 - 42
Scope 3 - 529
Total - 571

On the pathway to become a more sustainable company, Valcon has committed to the following targets:

Valcon will be carbon neutral by financial year 2021/2022 through offsetting.

Valcon will secure employee commitment to the sustainable agenda by ensuring conscious and well-informed behaviour through information and communication.

Valcon is committed to source 100 percent renewable energy for Valcon facilities.

Valcon has an ambition to join the UN Global compact.

Management's Review

Diversity

In order to develop Valcon in the right direction, it is vital that diversity is promoted throughout the company. This includes gender, ethnicity, and educational background. Valcon has through its internal focus on sustainability placed a specific focus on the gender distribution balance in Valcon.

Today, 2020/2021 the ratio of female employees in Valcon is 28% of the total number of employees.

The ambition is that the gender distribution should be evened out and therefore the ambition is to reach a composition of the employees where 50% are female in 2025.

Happiness

We aspire to become the happiest company in the world. We seek the kind of happiness that comes from making a positive difference in the world and being a part of a value-creating unit in society.

How

We are committed to showing our clients and employees that we at Valcon take climate change seriously. We are committed to limiting the largest levers for our CO_2 emissions, which include flights, transportation, and the food we consume. We have therefore started a collaboration with Kokkenes Køkken on how to limit our emission footprint from our canteen. Furthermore, we are developing an emission tracker to make it visible to all employees what the impact of our travelling is to ensure conscious choices.

In order to develop Valcon in the right direction it is critical that we promote diversity in all areas, including gender, ethnicity and educational background. This means that we in our last financial year have strived to ensure that we can retain and develop our female talents, as their developments enables them to take on greater management responsibility in Valcon. We have further dedicated ourselves to directed actions to improve the gender balance in Valcon by launching Valcons first Female Mentorship Program at the start of 2021 with the aim to attract and retain female consultants. The program consists of both an internal and external part, where promising females get mentored throughout a 10-months period. This program is one of the efforts that Valcon is undertaking as a commitment to the ambition to reach an equal distribution of female and male employees in Valcon.

Statement on gender composition

It is the objective that the Valcon Board should have a female member no later than 2023. At the end of the 2020/2021 financial year, the status was no woman on the board of Valcon.

Subsequent events

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

Income Statement 1 July - 30 June

	Note	Group 2020/21 DKK	Group 2019/20 DKK	Parent 2020/21 DKK	Parent 2019/20 DKK
Revenue	1	**226,008,371**	**257,262,463**	**226,008,371**	**257,262,463**
Other external expenses		-66,869,930	-71,305,705	-66,869,930	-71,305,705
Gross profit/loss		**159,138,441**	**185,956,758**	**159,138,441**	**185,956,758**
Staff expenses	2	-124,776,649	-141,332,109	-124,776,649	-141,332,109
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1,923,999	-2,937,666	-1,923,999	-2,937,666
Profit/loss before financial income and expenses		**32,437,793**	**41,686,983**	**32,437,793**	**41,686,983**
Income from investments in subsidiaries		0	0	110,586	-1,390,721
Financial income	3	642,056	859,610	642,056	859,610
Financial expenses	4	-994,397	-1,164,238	-994,397	-1,164,238
Profit/loss before tax		**32,085,452**	**41,382,355**	**32,196,038**	**39,991,634**
Tax on profit/loss for the year	5	-6,981,145	-9,158,864	-6,981,145	-9,158,864
Profit/loss from continuing activities		**25,104,307**	**32,223,491**	**25,214,893**	**30,832,770**
Profit/loss from discontinuing activities	6	110,586	-1,390,721	0	0
Net profit/loss for the year		**25,214,893**	**30,832,770**	**25,214,893**	**30,832,770**

Balance Sheet 30 June

Assets

	Note	Group 2020/21 DKK	Group 2019/20 DKK	Parent 2020/21 DKK	Parent 2019/20 DKK
Acquired licenses		0	1,023,912	0	1,023,912
Intangible assets	7	**0**	**1,023,912**	**0**	**1,023,912**
Other fixtures and fittings, tools and equipment		0	56,978	0	56,978
Leasehold improvements		1,795,362	2,638,470	1,795,362	2,638,470
Property, plant and equipment	8	**1,795,362**	**2,695,448**	**1,795,362**	**2,695,448**
Investments in subsidiaries	9	0	0	4,920,052	4,642,217
Other investments	10	0	1,900,000	0	1,900,000
Deposits	10	2,095,166	2,095,166	2,095,166	2,095,166
Fixed asset investments		**2,095,166**	**3,995,166**	**7,015,218**	**8,637,383**
Fixed assets		**3,890,528**	**7,714,526**	**8,810,580**	**12,356,743**
Trade receivables		53,715,533	51,148,896	53,715,533	51,148,896
Contract work in progress	11	2,226,638	3,432,864	2,226,638	3,432,864
Other receivables		414,299	731,903	414,299	731,903
Deferred tax asset	15	1,117,792	621,183	1,117,792	621,183
Prepayments	12	1,884,834	1,594,534	1,884,834	1,594,534
Receivables		**59,359,096**	**57,529,380**	**59,359,096**	**57,529,380**
Cash at bank and in hand		**45,140,286**	**59,045,457**	**45,140,286**	**59,045,457**
Assets relating to discontinued activities	6	**12,828,819**	**12,049,800**	**0**	**0**
Currents assets		**117,328,201**	**128,624,637**	**104,499,382**	**116,574,837**
Assets		**121,218,729**	**136,339,163**	**113,309,962**	**128,931,580**

Balance Sheet 30 June

Liabilities and equity

	Note	Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		DKK	DKK	DKK	DKK
Share capital	13	887,850	887,850	887,850	887,850
Reserve for net revaluation under the equity method		0	0	2,494,217	2,216,382
Retained earnings		58,932,735	66,283,361	56,438,518	64,066,979
Equity		**59,820,585**	**67,171,211**	**59,820,585**	**67,171,211**
Other payables		9,544,541	12,233,662	9,544,541	12,233,662
Long-term debt	16	**9,544,541**	**12,233,662**	**9,544,541**	**12,233,662**
Trade payables		7,364,185	5,402,343	7,364,185	5,402,343
Contract work in progress, liabilities	11	1,910,629	4,251,526	1,910,629	4,251,526
Payables to group enterprises		182,029	9,718,055	182,029	9,718,055
Corporation tax		7,477,755	0	7,477,755	0
Other payables	16	27,010,238	30,154,783	27,010,238	30,154,783
Liabilities relating to discontinued activities	6	7,908,767	7,407,583	0	0
Short-term debt		**51,853,603**	**56,934,290**	**43,944,836**	**49,526,707**
Debt		**61,398,144**	**69,167,952**	**53,489,377**	**61,760,369**
Liabilities and equity		**121,218,729**	**136,339,163**	**113,309,962**	**128,931,580**
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Accounting Policies	22				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	887,850	0	66,283,361	67,171,211
Extraordinary dividend paid	0	0	-32,732,768	-32,732,768
Net profit/loss for the year	0	0	25,382,142	25,382,142
Equity at 30 June	**887,850**	**0**	**58,932,735**	**59,820,585**

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	887,850	2,216,382	64,066,979	67,171,211
Extraordinary dividend paid	0	0	-32,732,768	-32,732,768
Exchange adjustments relating to foreign entities	0	167,249	0	167,249
Net profit/loss for the year	0	110,586	25,104,307	25,214,893
Equity at 30 June	**887,850**	**2,494,217**	**56,438,518**	**59,820,585**

Cash Flow Statement 1 July - 30 June

	Note	Group 2020/21 DKK	Group 2019/20 DKK
Net profit/loss for the year		25,214,893	30,832,770
Adjustments	17	9,220,988	13,502,200
Change in working capital	18	-10,100,706	14,051,461
Cash flows from operating activities before financial income and expenses		**24,335,175**	**58,386,431**
Financial income		614,445	859,610
Financial expenses		-994,397	-1,164,238
Cash flows from ordinary activities		**23,955,223**	**58,081,803**
Corporation tax paid		-5,127,626	-8,916,737
Cash flows from operating activities, discontinued activities		213,727	55,123
Cash flows from operating activities		**19,041,324**	**49,220,189**
Purchase of property, plant and equipment		0	-52,133
Fixed asset investments made etc		0	-19,165
Cash flows from investing activities, discontinued activities		0	-268,041
Cash flows from investing activities		**0**	**-339,339**
Dividend paid		-32,732,768	-12,542,485
Cash flows from financing activities		**-32,732,768**	**-12,542,485**
Change in cash and cash equivalents		**-13,691,444**	**36,338,365**
Cash and cash equivalents at 1 July		62,985,198	26,646,833
Exchange adjustment		27,611	0
Cash and cash equivalents at 30 June		**49,293,754**	**62,985,198**
Cash and cash equivalents are specified as follows			
Cash at bank and in hand		49,293,754	62,985,198
Cash and cash equivalents at 30 June		**49,293,754**	**62,985,198**

Notes to the Financial Statements

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
1 Revenue				
Geographical segments				
Denmark	187,777,501	222,805,562	187,777,501	222,805,562
Sweden	9,826,617	3,625,901	9,826,617	3,625,901
Rest of World	28,404,253	30,831,000	28,404,253	30,831,000
	226,008,371	**257,262,463**	**226,008,371**	**257,262,463**
Business segments				
Management consultancy services	226,008,371	257,262,463	226,008,371	257,262,463
	226,008,371	**257,262,463**	**226,008,371**	**257,262,463**
2 Staff expenses				
Wages and salaries	123,954,170	140,500,706	123,954,170	140,500,706
Other social security expenses	822,479	831,403	822,479	831,403
	124,776,649	**141,332,109**	**124,776,649**	**141,332,109**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	4,646,000	5,232,000	4,646,000	5,232,000
Supervisory Board	100,000	200,000	4,646,000	200,000
	4,746,000	**5,432,000**	**9,292,000**	**5,432,000**
Average number of employees	109	132	109	132

Notes to the Financial Statements

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
3 Financial income				
Other financial income	642,056	859,610	642,056	859,610
	642,056	**859,610**	**642,056**	**859,610**
4 Financial expenses				
Other financial expenses	356,375	336,100	356,375	336,100
Exchange adjustments, expenses	638,022	828,138	638,022	828,138
	994,397	**1,164,238**	**994,397**	**1,164,238**
5 Tax on profit/loss for the year				
Current tax for the year	7,477,755	9,345,173	7,477,755	9,345,173
Deferred tax for the year	-359,209	-184,782	-359,209	-184,782
Adjustment of tax concerning previous years	0	1,519,025	0	1,519,025
Adjustment of deferred tax concerning previous years	-137,401	-1,520,552	-137,401	-1,520,552
	6,981,145	**9,158,864**	**6,981,145**	**9,158,864**

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
6 Discontinuing activities				
Revenue	31,707,698	38,035,561	0	0
Other external expenses	-8,562,998	-18,684,577	0	0
Gross profit/loss	**23,144,700**	**19,350,984**	**0**	**0**
Staff expenses	-22,909,646	-21,018,169	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-50,379	-13,215	0	0
Profit/loss before financial income and expenses	**184,675**	**-1,680,400**	**0**	**0**
Financial expenses	-3,346	-82,514	0	0
Profit/loss before tax	**181,329**	**-1,762,914**	**0**	**0**
Tax on profit/loss for the year	-70,743	372,193	0	0
Profit/loss from discontinuing activities	**110,586**	**-1,390,721**	**0**	**0**
Property, plant and equipment	212,822	254,640	0	0
Fixed assets	**212,822**	**254,640**	**0**	**0**
Contract work in progress	26,788	328,242	0	0
Receivables	8,435,741	7,527,177	0	0
Cash at bank and in hand	4,153,468	3,939,741	0	0
Currents assets	**12,615,997**	**11,795,160**	**0**	**0**
Assets relating to discontinued activities	**12,828,819**	**12,049,800**	**0**	**0**
Debt	7,908,767	7,407,583	0	0
Liabilities relating to discontinued activities	**7,908,767**	**7,407,583**	**0**	**0**

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
6 Discontinuing activities (continued)				
Cash flows from operating activities	213,727	55,123	0	0
Cash flows from investing activities	0	-268,041	0	0
Cash flows relating to discontinued activities	**213,727**	**-212,918**	**0**	**0**

7 Intangible assets

Group

	Acquired licenses
	DKK
Cost at 1 July	6,691,942
Cost at 30 June	6,691,942
Impairment losses and amortisation at 1 July	5,668,030
Amortisation for the year	1,023,912
Impairment losses and amortisation at 30 June	6,691,942
Carrying amount at 30 June	**0**
Amortised over	5 years

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 July	128,200	4,382,123
Cost at 30 June	128,200	4,382,123
Impairment losses and depreciation at 1 July	71,222	1,743,653
Depreciation for the year	56,978	843,108
Impairment losses and depreciation at 30 June	128,200	2,586,761
Carrying amount at 30 June	**0**	**1,795,362**
Depreciated over	3-5 years	2-5 years

9 Investments in subsidiaries

	Parent	
	2020/21	2019/20
	DKK	DKK
Cost at 1 July	2,425,835	3,384,724
Disposals for the year	0	-958,889
Cost at 30 June	2,425,835	2,425,835
Value adjustments at 1 July	2,216,382	2,318,514
Disposals for the year	0	1,277,786
Exchange adjustment	167,249	10,803
Net profit/loss for the year	110,586	-1,390,721
Value adjustments at 30 June	2,494,217	2,216,382
Carrying amount at 30 June	**4,920,052**	**4,642,217**

Notes to the Financial Statements

9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Valcon AB	Sweden	72,908	100%	4,920,052	110,586

10 Other fixed asset investments

	Group	Parent
	Deposits	Deposits
	DKK	DKK
Cost at 1 July	2,095,166	2,095,166
Cost at 30 June	2,095,166	2,095,166
Carrying amount at 30 June	**2,095,166**	**2,095,166**

11 Contract work in progress

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
Selling price of work in progress	2,226,638	3,432,864	2,226,638	3,432,864
Payments received on account	-1,910,629	-4,251,526	-1,910,629	-4,251,526
	316,009	**-818,662**	**316,009**	**-818,662**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	2,226,638	3,432,864	2,226,638	3,432,864
Prepayments received recognised in debt	-1,910,629	-4,251,526	-1,910,629	-4,251,526
	316,009	**-818,662**	**316,009**	**-818,662**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

13 Share capital

The share capital consists of 888,750 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 July	887,850	887,850	887,850	887,850	824,786
Capital increase	0	0	0	0	63,064
Capital decrease	0	0	0	0	0
Share capital at 30 June	**887,850**	**887,850**	**887,850**	**887,850**	**887,850**

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
14 Distribution of profit				
Extraordinary dividend paid	32,732,768	12,542,485	32,732,768	12,542,485
Reserve for net revaluation under the equity method	0	0	110,586	-112,935
Retained earnings	-7,517,875	18,290,285	-7,628,461	18,403,220
	25,214,893	**30,832,770**	**25,214,893**	**30,832,770**
15 Deferred tax asset				
Deferred tax asset at 1 July	621,183	-1,084,151	621,183	-1,084,151
Changes in deferred tax	359,209	184,782	359,209	184,782
Changes in deferred tax previous years	137,401	1,520,552	137,400	1,520,552
Deferred tax asset at 30 June	**1,117,792**	**621,183**	**1,117,792**	**621,183**

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within a short time period.

Notes to the Financial Statements

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
Other payables				
Between 1 and 5 years	9,544,541	12,233,662	9,544,541	12,233,662
Long-term part	9,544,541	12,233,662	9,544,541	12,233,662
Other short-term payables	27,010,238	30,154,783	27,010,238	30,154,783
	36,554,779	**42,388,445**	**36,554,779**	**42,388,445**

17 Cash flow statement - adjustments

	Group	
	2020/21	2019/20
	DKK	DKK
Financial income	-642,056	-859,610
Financial expenses	997,743	1,246,752
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,923,999	2,937,666
Discontinuing activities	-110,586	1,390,721
Tax on profit/loss for the year	7,051,888	8,786,671
	9,220,988	**13,502,200**

18 Cash flow statement - change in working capital

Change in receivables	-1,829,716	5,630,761
Change in trade payables, etc	-8,270,990	8,420,700
	-10,100,706	**14,051,461**

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK

19 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	6,519,761	6,893,784	6,519,761	6,893,784
Between 1 and 5 years	6,631,770	14,092,568	6,631,770	14,092,568
After 5 years	61,000	0	61,000	0
	13,212,531	**20,986,352**	**13,212,531**	**20,986,352**

Rental and lease obligations relating to discontinued activities amounts to DKK 2,000,264 at 30 June 2021 (DKK 3,394,424 at 30 June 2020).

20 Related parties

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.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Valcon Holding B.V.

21 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers				
Audit fee	134,200	138,000	134,200	138,000
Other assurance engagements	50,000	0	50,000	0
Tax advisory services	438,550	818,924	438,550	818,924
	622,750	**956,924**	**622,750**	**956,924**

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Valcon A/S for 2020/21 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 and Parent Company Financial Statements for 2020/21 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, Valcon A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

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

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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

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

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

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

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

22 Accounting Policies (continued)

Income Statement

Revenue

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.

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

Other external expenses

Other external expenses comprise indirect production costs and 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 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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Balance Sheet

Intangible 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 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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	2-5 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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Investments in subsidiaries

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

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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.

Fixed asset investments

Fixed asset investments, which consist of unlisted shares. Other investments are initially measured at cost. Costs will be written down to the market value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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

22 Accounting Policies (continued)

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, subscriptions and interest.

Discontinued activities and assets relating to discontinued activities

Discontinued activities represent a separate line of business disposed of or in preparation for sale. The results of discontinued activities are presented separately in the income statement, and the cash flows from discontinued activities are presented separately in the cash flow statement with restatement of comparative figures. Assets and liabilities relating to discontinued activities are presented as separate items in the balance sheet with restatement of comparative figures.

Activities are classified as discontinued activities when activities to carry out a sale have been initiated, when the activities are available for immediate sale in their present condition and when the activities are expected to be disposed of within 12 months. Liabilities associated with assets relating to discontinued activities are presented separately from other liabilities.

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

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

Notes to the Financial Statements

22 **Accounting Policies** (continued)

Current tax receivables and liabilities

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

Financial debts

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

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

Cash Flow Statement

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

Notes to the Financial Statements

22 **Accounting Policies** (continued)

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$