Valtech A/S

Central Business Registration No 25 29 36 06

Kanonbådsvej 2, 1437 København K

Annual report for 1 January – 31 December 2021

The Annual General Meeting adopted the financial statements on 30/6 2022

Chairman of the General Meeting

Brian Sonne Marker

Contents

Company details

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Board of Directors
Jakob Vasehus, Chairman
Michael Krogh-Schlichter
Brian Sonne Marker

Executive Board
Michael Krogh-Schlichter

Company auditors
Deloitte Statsautoriseret
Revisionspartnerselskab

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Valtech A/S for the financial year 1 January to 31 December 2021.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2021 as well as the Company's results and cash flows for the financial year 1 January to 31 December 2021.

In our opinion, Management's Review contains a true and fair review of the development of the Company's business and financial matters, the results for the year and the Company's financial position, together with a description of the most significant risks and elements of uncertainties that the Company face.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 30 June 2022

Executive Board

Michael Krogh-Schlichter
Chief Executive Officer

Board of Directors

Jakob Vasehus Chairman	Brian Sonne Marker	Michael Krogh-Schlichter

Independent auditor's report

To the shareholders of Valtech A/S

Opinion
We have audited the financial statements of Valtech A/S for the financial year 01.01.2021 – 31.12.2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 – 31.12.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 30 June 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kim Takata Mücke
State-Authorised Public Accountant
Identification No (MNE) mne10944

Management Review

Financial highlights *

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018** DKK'000	2017** DKK'000
Key figures					
Revenue	170.550	143.161	151.866	167.942	136.028
Profit from primary activities (EBIT)	10.030	9.691	12.148	20.180	17.409
Net financials	(865)	68	(681)	(573)	(742)
Net profit for the year	6.689	6.818	8.535	15.495	12.858
Total assets	179.741	156.175	133.999	111.893	102.988
Equity	108.752	99.646	90.036	79.679	64.183
Investments in properties, plant & equipment	3.070	1.829	886	1.931	3.384
Ratios					
Profit margin (%)	6	7	8	12	13
Return on equity (%)	6	7	10	19	21
Equity ratio (%)	61	64	67	71	62

* Financial highlights have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.
** The financial highlights have not been restated to reflect the impact from the adoption of IFRS 16 as per January 2019.

Management Review

Primary activities

The Company offers advisory services on digital performance through the development of strategic and creative concepts delivered by a unique organisation where business consultants, design and communication experts and IT professionals work side by side in multi-disciplinary teams.

Development in activities and finances

In 2021, the Company managed to maintain a high level of activity in first quarter, and demonstrated strong consecutive growth in the second, third and fourth quarter of 2021, compared to 2020 and even 2019, which was not impacted by COVID-19.

The Company generated a profit of DKK 6.689 thousand based on total revenues of DKK 170.550 thousand.

Despite continued dynamic market conditions in general, due to continued COVID-19 induced uncertainty, the Company successfully managed to grow considerably in terms of revenue.

Earnings in 2021 was impacted by project losses, related to high-risk contracts committed during the COVID-19 crisis in 2020, to secure a steady revenue stream. These challenges are however not considered structural in nature, being directly related to the specific delivery context of those contracts.

Consequently, Management considers that the development in revenue as strong, and earnings as acceptable.

The year's performance can be explained by several key factors.

The Company managed to win several new major clients, while at the same time growing it's top 10 clients, resulting in large hours sold volume increases.

While generating 80% of the Company's revenue, from design and delivery of digital experience/commerce platform and mobile solutions, the Company now generates 20% of its revenues from two new service lines, related to platform activation and business transformation consulting services.

A key contributing factor to the Company's result, has also been close collaboration with the Company's global network, which allowed for fast scaling to support local projects, while also being able to deploy Danish consultants onto global projects.

Likewise, the Company's focus on establishing strategic partnerships with our clients has resulted in optimization of our cooperation with our clients compared to previous years. Thus, our consultants participate in the organisation and administration of the digital activities and related budgets of our clients. Based on our unique interaction of three competency areas, the Company is a natural "bridge" between our clients' sales, marketing, communication and IT objectives and departments.

Further, we note that our use of agile client delivery principles, in digital development projects- and programs, are particularly attractive for our customers, as they reduce inherent risks, that have traditionally burdened many development projects- and programs.

Valtech's focus on agile development principles and the organisation of independent, interdisciplinary teams, combined with a strong company culture, and a particularly attractive client portfolio, ensures that Valtech can initiate new growth by continuously recruiting the industry's best employees.

Optimization of capital structure

On a regular basis, Management assesses whether the Company's capital structure is in accordance with the Company's and the shareholder's interests. The overall objective is to ensure a capital structure that supports long-term growth and maximizes returns to the stakeholders of the Company by optimizing the equity to debt ratio. The Company's strategy remains the same as last year.

Particular risks

The Company notes no particular risks, beyond what is considered normal risks associated with the Company's on-going programme- and project delivery activities.

Operating risks

The Company does not see any direct operating risks differing from the industry's general risk profile.

Financial exposure

Because of its financial position, the Company is closely linked to the Parent's financial exposure. However, this exposure is considered quite limited, as the Parent has proper financial resources.

Currency exposure

Danish customers are invoiced in DKK, whereas foreign clients primarily are invoiced in EUR.

Cash flow

The Company was able to finance its own operation for all of 2021 and expects this to continue in 2022.

Intellectual capital resources

staff is constantly on the cutting edge of new technology and trends. Also in 2022, resources will be devoted to further training and follow-up training of staff.

Furthermore, the Company will focus on recruiting cutting-edge competencies within relevant digital technologies, customer experience design and other strategy consulting profiles.

Research and development activities

No research or development activities at own account were carried out in 2021.

Outlook

The Company's expectations for the future are that 2022 is expected to generate revenue growth, and increasing market share as we continue to grow existing clients, win new clients and strengthen new service lines, in close collaboration with the Company's global network. The Company however does recognize the inherent risks of growing uncertainty in the market as of June 2022 due to rising inflation and interest rates and the current geo-political situation in Europe and the global supply-chain challenges that many of our clients face.

The Company also expects continued pressure on earnings due to having won increasingly complex projects, with some being based on new technologies, that carries higher risks than usual. A key contributing factor is also increased salaries driven by a very fluid job market combined with very high inflation.

Management expects that for 2022 revenues will be in the range of DKK 180.000 thousand to DKK 190.000 thousand and that profit after tax will be approximately the same as realised in 2021.

Ownership

Valtech SE of Luxembourg holds the entire share capital of the Company.
Valtech is a global digital consultancy based in Luxembourg and with 50+ offices in North America, Latin America, APAC and Europe.

Statement of total comprehensive income

	Notes	2021 DKK'000	2020 DKK'000
Revenue	3	170.550	143.161
External project expenses		(39.239)	(22.276)
Gross profit		**131.311**	**120.885**
Other operating income		183	163
Staff costs	4	(98.570)	(91.797)
Depreciation and amortisation	8+9+18	(5.700)	(5.643)
Other operating expenses		(17.194)	(13.917)
Profit from primary activities (EBIT)		**10.030**	**9.691**
Financial income	6	785	969
Financial expenses	6	(1.650)	(901)
Profit before tax		**9.165**	**9.759**
Tax on profit for the year	7	(2.476)	(2.941)
Profit for the year		**6.689**	**6.818**
Other comprehensive income for the year		0	0
Total comprehensive income for the year		**6.689**	**6.818**

Proposed distribution		
Dividend	52.000	0
Transferred from retained earnings	(45.311)	6.818
	6.689	6.818

Balance sheet at 31 December

	Notes	2021 DKK'000	2020 DKK'000
Intangible assets	8	33.042	33.042
Property, plant and equipment	9	4.006	2.884
Right-of-use assets	18	11.835	4.121
Receivables from group enterprises	17	52.499	38.928
Deposits		3.739	3.641
Non-current assets		**105.121**	**82.616**
Trade receivables	10	48.428	40.270
Contract assets	11	2.464	450
Prepayments		4.275	649
Other receivables		13	10
Company tax receivable		272	0
Receivables from group enterprises	17	10.380	19.269
Cash		**8.788**	**12.911**
Current assets		**74.620**	**73.559**
Total assets		**179.741**	**156.175**

Balance sheet at 31 December

	Notes	2021 DKK'000	2020 DKK'000
Share capital	12	20.620	20.620
Retained earnings		36.132	79.026
Proposed dividend		52.000	0
Equity		**108.752**	**99.646**
Deferred tax	7	5.820	4.381
Lease liabilities	18	8.081	171
Other payables	13	8.402	8.245
Non-current liabilities		**22.303**	**12.797**
Contract liabilities	11	14.489	11.427
Trade payables		1.976	4.309
Liabilities to group enterprises	17	17.369	9.533
Lease liabilities	18	2.730	3.104
Other payables	13	12.122	14.985
Tax payable		0	374
Current liabilities		**48.686**	**43.732**
Total liabilities		**70.989**	**56.529**
Total equity and liabilities		**179.741**	**156.175**

Statement of changes in equity

	Share capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 1 January 2020	**20.620**	**69.416**	**0**	**90.036**
Comprehensive income for the year	0	6.818	0	6.818
Transactions with owners in their capacity as owners				
Cash flow from Share-based payment	0	2.792	0	2.792
	0	9.610	0	9.610
Equity at 31 December 2020	**20.620**	**79.026**	**0**	**99.646**

	Share capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity at 1 January 2021	**20.620**	**79.026**	**0**	**99.646**
Comprehensive income for the year	0	6.689	0	6.689
Transactions with owners in their capacity as owners				
Proposed dividend	0	-52.000	52.000	0
Cash flow from Share-based payment	0	2.417	0	2.417
	0	-42.894	52.000	9.106
Equity at 31 December 2021	**20.620**	**36.132**	**52.000**	**108.752**

Cash flow statement

	Notes	2021 DKK'000	2020 DKK'000
Profit from primary activities (EBIT)		10.030	9.691
Depreciation and amortisation		5.700	5.643
Share-based payment		2.417	2.792
Net working capital changes	14	(16.974)	14.550
Financial income received	6	785	969
Financial expenses paid	6	(422)	(901)
Taxes paid		(1.789)	(2.983)
Cash flow from operating activities		**(253)**	**29.761**
Acquisition of property, plant and equipment		(3.070)	(1.829)
Fixed assets investments		(98)	33
Loan to group enterprises		(13.571)	(12.697)
Cash flows from investing activities		**(16.739)**	**(14.493)**
Change in loan from group companies		16.725	(1.210)
Instalment lease liabilities	18	(3.856)	(3.618)
Cash flows from financing activities		**12.869**	**(4.828)**
Net increase in cash and cash equivalents		**(4.123)**	**10.440**
Cash and cash equivalents at 1 January		12.911	2.471
Cash and cash equivalents at 31 December		**8.788**	**12.911**

Notes

Contents of notes to the financial statements

Notes

1. Significant accounting estimates, assumptions and uncertainties

When applying the Company's accounting policies, Management make judgements, estimates and assumptions about the carrying amount of assets and liabilities that cannot be directly deduced from other sources. Such estimates and assumptions are based on historical experience and other relevant factors. The actual results may deviate from such estimates.

Estimates made and the underlying assumptions are reassessed on a regular basis. Any changes in the accounting estimates made are recognised in the accounting period in which the change was made as well as in future accounting periods if the change affects the period in which it was made as well as subsequent periods.

In the financial statements for 2021, it is particularly important to note the following assumptions and uncertainties as they have had a significant effect on assets and liabilities recognised in the financial statements and may necessitate adjustments in subsequent financial years if the assumed course of events is not realised as expected:

Critical accounting estimates

Critical accounting estimates are expectations of the future based on assumptions, that to the extent possible are supported by historical trends or reasonable expectations. The assumptions may change to adapt to the market conditions and changes in economic factors etc. The Company believe that the estimates are the most likely outcome of future events.

Trade receivables

Trade receivables are stated net of expected credit losses. For trade receivables the Company applies the simplified approach to measuring expected credit losses in accordance with IFRS 9. The loss allowance is based on historical credit loss experience combined with current and forward looking information on macroeconomic factors affecting the risk by the end of reporting period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The carrying amount of trade receivables at 31 December 2021 is DKK 48.428 thousand (2020: DKK 40.270 thousand). For further information see note 10.

Contract assets (Work in progress)

Contract work in progress for fixed-priced-contracts is measured at the selling price of work performed at the reporting date, and the selling price is calculated on the basis of contracted income and the determined stage of completion. Stage of completion is determined making estimates of future hours and other project costs.

The Company reviews the contract portfolio on a regular basis. If circumstances arise that change the original estimates of the selling price of the contracts or costs revision to estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in the income statements in the period in which the circumstances giving rise to the revision become known by the Company.

The carrying amount of work in progress at 31 December 2021 is DKK 2.464 thousand (2020: DKK 450 thousand) net after deduction of on account invoices.

Recoverable amount of goodwill

Goodwill is not amortised but tested at least once a year for impairment.

Notes

1. Significant accounting estimates, assumptions and uncertainties (continued)

The determination of the recoverable amount of the cash generating units to which goodwill is allocated requires significant Management judgement in determine the various assumptions, such as cash-flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant.

The carrying amount of goodwill at 31 December 2021 is DKK 33.042 thousand, (2020 DKK 33.042 thousand). The determined value in use exceeds the carrying amount for which reason impairment losses on goodwill have not been recognised. For further information see note 8.

Critical accounting judgements

Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made by the Company that can have a significant impact on the amounts recognised in the financial statements.

Determining the lease term

Where the lease includes extension or termination options, Management determines the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers factors including historical lease durations; and the costs and business disruption required to replace the asset. Extension options have not been included in the lease liability, because the Company could replace the asset (the office) without significant cost or business disruption.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company. The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

2. New accounting standards
New and amended standards adopted by the Company

The Company has adopted all new IFRSs, amendments and interpretations that are effective from 1 January 2021:

- Covid-19-Related Rent Concessions – amendments to IFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

In addition, the IASB has issued several new standards, amendments and interpretations which are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. None of these standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Notes

	2021 DKK'000	2020 DKK'000
3. Revenue		
Consulting services	169.235	141.465
Software	1.315	1.696
Total revenue	**170.550**	**143.161**

Information about contract balances and the related disclosures have been included in the following notes:

Trade receivables, refer to note 10
Contract assets and contract liabilities, refer to note 11

	2021 DKK'000	2020 DKK'000
4. Staff costs		
Salaries and wages	82.270	77.254
Pension contributions (only defined contribution plans)	8.099	7.737
Share-based payment	2.417	2.792
Social security expenses	997	713
Other staff costs	4.787	3.301
Total staff costs	**98.570**	**91.797**
Average number of employees	**147**	**134**

Key Management Compensation
Key Management includes Board of Directors and the Executive Board.

The Company's Executive Board is composed by one person and the Board of Directors does not receive any remuneration for services performed. Consequently, no information is provided about management remuneration.

Special incentive programs

The Parent's Compensation Committee determines the Executive Board's salaries which consist of a fixed salary, various forms of incentive payments based on the Company's positive trend as well as pension.

5. Share based payment

A policy at Group level has been implemented for the issuance of redeemable equity warrants to certain employees within the Group including selected employees in Valtech A/S, which, subject to the recipient paying a subscription price, represent a right to receive ordinary shares upon the payment of an exercise price. Recipients of warrants are determined in the discretion of the Board of Directors of the parent and local management and, once a recipient is issued a warrant, he or she must pay the subscription price associated with such warrant or such warrant is forfeited.

As at 14 October 2021 all redeemable equity warrants issued under the warrant program were exercised. In total, 223.303 warrants were exercised at a weighted-average exercise price of EUR 2,46. The share price at the date of exercise was EUR 26,055.

Notes

5. Share based payment (continued)

Restricted share unit plan

In May 2019 the Group established a restricted share unit (RSU) plan, issued to key employees including key employees of Valtech A/S, so that they may participate in the growth and development of Valtech. The restricted share units give the employees the right to receive shares on the vesting dates. The plan vests in May 2022 (50%) and in May 2023 (50%). Total number of issued RSUs amount to 26.000, divided between 17 beneficiaries. The RSUs carry neither rights to dividends nor voting rights. If a participant cease to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the Board of Directors of the parent and local management on a case-by-case basis.

The vesting of the restricted share unit plan have been accellerated and settled in October 2021.

The fair value of the warrants and the restricted share units plan as determined by the Group is recognized as an employee benefit expense with a corresponding increase in equity as a transaction with owners. The amount recognised is DKK 2.417 thousand in 2021 (2020 DKK 2.792 thousand).

6. Financial income and expenses

Financial income		
Interest income from loans to group enterprises	414	365
Other financial income	371	604
Total financial income	**785**	**969**

Financial expenses		
Interest expenses on leases liabilities	(245)	(227)
Interest expenses on loans	(177)	(113)
Exchange rate adjustments	(1.228)	(561)
Total financial expenses	**(1.650)**	**(901)**

Total interest expense on financial liabilities not measured at fair value through profit or loss for the year was DKK 422 thousand (2020 DKK 340 thousand).

Notes

	2021 DKK'000	2020 DKK'000
7. Tax		
Current tax	1.124	1.892
Change in deferred tax	1.352	1.049
Total tax	**2.476**	**2.941**

	2021 %	2020 %
Corporate tax rate in Denmark	22,0	22,0
Tax effect of non-deductible expenses	5,0	8,0
Effective tax rate	**27,0**	**30,0**

	2021 DKK'000	2020 DKK'000
Deferred tax		
Goodwill	(5.094)	(4.369)
Property, plant and equipment assets	427	521
Right-of-use assets	(2.901)	(907)
Lease liabilities	2.600	721
Contract assets and liabilities	(791)	(204)
Prepayments	(61)	(143)
Total deferred tax	**(5.820)**	**(4.381)**

Notes

8. Intangible assets	Goodwill DKK'000
Cost at 1 January 2020	33.042
Additions for the year	0
Cost at 31 December 2020	33.042
Amortisation at 1 January 2020	0
Amortisation for the year	0
Amortisation at 31 December 2020	0
Carrying amount at 31 December 2020	**33.042**

	Goodwill DKK'000
Cost at 1 January 2021	33.042
Additions for the year	0
Cost at 31 December 2021	33.042
Amortisation at 1 January 2021	0
Amortisation for the year	0
Amortisation at 31 December 2021	0
Carrying amount at 31 December 2021	**33.042**

Goodwill

At 31 December 2021, Management has tested the carrying amount of goodwill for impairment.

In the impairment test, the discounted expected future cash flows (value in use) for the cash-generating unit (CGU) are compared with the carrying amounts of the relevant assets. Valtech A/S has identified only one CGU as all assets of the Company and the related cash inflows from its activities, are in all material aspects considered to be for the benefit of the company.

The cash flows are based on a financial budget and business plans approved by the Management. The assumptions in the calculation are based on the knowledge of the business and on external sources. The recoverable amount is calculated using various key assumptions for the expected future cash flows and discount factor.

The assumptions in the impairment test are based on the outlook that management expects for the next 5 years. Due to an increase in revenue of 21% in 2021 (2020: decrease of 9%) the Company expect growth in the remaining years during the budget period, which will also result in an increase in the free cash flows.

The recoverable amount is based on years 2022 to 2026 and using of a WACC of 7,7% (2020: 5,5%) and a growth in the terminal period of 1,4% (2020: 1%).

A sensitivity analysis has been made to see how much the recovery value differs by +/- 1% on the WACC and the growth rate. The outcome of these values had not given a different picture of the recovery value.

The assumptions are in line with the general trends in the industry and the market at the moment.

Notes

	Leasehold improvements DKK'000	Other fixtures etc. DKK'000	Total DKK'000
9. Property plant and equipment			
Cost at 1 January 2020	5.007	5.642	10.649
Additions for the year	819	1.010	1.829
Disposals for the year	(594)	(1.503)	(2.097)
Cost at 31 December 2020	**5.232**	**5.149**	**10.381**
Depreciation at 1 January 2020	(4.008)	(3.826)	(7.834)
Depreciation for the year	(407)	(1.353)	(1.760)
Reversal of depreciation of disposals	594	1.503	2.097
Depreciation at 31 December 2020	**(3.821)**	**(3.676)**	**(7.497)**
Carrying amount at 31 December 2020	**1.411**	**1.473**	**2.884**

	Leasehold improvements DKK'000	Other fixtures etc. DKK'000	Total DKK'000
Cost at 1 January 2021	5.232	5.149	10.381
Additions for the year	177	2.893	3.070
Disposals for the year	0	0	0
Cost at 31 December 2021	**5.409**	**8.042**	**13.451**
Depreciation at 1 January 2021	(3.821)	(3.676)	(7.497)
Depreciation for the year	(554)	(1.394)	(1.948)
Other adjustments	0	0	0
Depreciation at 31 December 2021	**(4.375)**	**(5.070)**	**(9.445)**
Carrying amount at 31 December 2021	**1.034**	**2.972**	**4.006**

Notes

	2021 DKK'000	2020 DKK'000
10. Trade receivables		
Trade receivables, gross	48.909	40.751
Loss allowance	(481)	(481)
Trade receivables, net	**48.428**	**40.270**

Trade receivables are measured at carrying amount; which generally, approximates the fair value.

The Company uses a separate account for loss allowances to reduce the carrying amount of receivables due to expected credit losses.

Valtech has prepared a Corporate provision policy in accordance with IFRS 9, where the allowance for expected credit losses for trade receivables and contract assets is based on historical credit loss experience combined with current and forward-looking information on macroeconomic factors affecting the credit risk.

To measure the expected credit losses, receivables have been grouped based on the days past due to identify doubtful account receivables. As of 31 December 2021, receivables not due or less than 30 days overdue comprise 90% (2020: 96%) of the outstanding balance. During the last four years, Valtech A/S has realized actual losses of less than 1% of the total receivables. Considering forward-looking information there is no indications of the risk of trade receivables to be different. Consequently, management considers the Company's exposure to credit risk from its trade receivables as being very low and thus the expected credit loss allowance is similarly considered insignificant.

	2021 DKK'000	2020 DKK'000
Loss allowance		
Provisions account 1 January	(481)	(1.192)
Realised losses for the year	0	0
Reversed allowances	0	711
Bad debt provisions for the year	0	0
Loss allowance account 31 December	**(481)**	**(481)**

Trade receivables include gross receivable before credit balances with the same customer.

Notes

11. Contract assets and contract liabilities

Net value is recognised in the balance sheet as follows:

	31 Dec. 2021 DKK'000	31 Dec. 2020 DKK'000
Contract assets	2.464	450
Contract liabilities	(14.489)	(11.427)
Trade receivables	48.428	40.270
	36.403	**29.293**

A contract asset is recognized when the right to consideration is conditional on something other than the passage of time. Amounts relating to contract assets are balances due from customers under fixed price contracts where the customers pay the agreed amounts based on a payment schedule and the service rendered exceed the payments.

A receivable is recognized when the right to consideration is unconditional except for the passage of time. Any amount previously recognized as a contract asset is reclassed to accounts receivables at the point at which the service is delivered and invoiced to customer. Management expects that 100% of the transaction price allocated under contract assets will be recognized as revenue in the next financial year.

Contract liabilities relate to contracts where the Company has received prepayments from the customer, but where the Company has not yet satisfied its performance obligations. Contract liabilities have increased due to large prepayments from customers.

During the year, revenue of DKK 11.427 thousand (2020: DKK 12.280 thousand) that was included in the beginning balance of contract liabilities has been recognized.

The Company normally satisfies its performance obligations within one year. The Company has therefore applied the practical expedient in IFRS 15 not to disclose the amount of transaction price allocated to performance obligations that are unsatisfied.

Notes

12. Share capital
The share capital equals DKK 20.620.000 divided into shares of DKK 1 each or multiples hereof.

The shares have not been divided into classes.

	Number of shares		Nominal value	
	2021 DKK'000	2020 DKK'000	2021 DKK'000	2020 DKK'000
1 January	20.620	20.620	20.620	20.620
31 December – fully paid	20.620	20.620	20.620	20.620

There are no restrictions or special rights attached to the shares.

The Company's objective when managing capital are to:
- Safeguard the Company's ability to continue as a going concern, so that it can continue to provide return for the shareholder and benefits for other stakeholders, and
- to maintain an optimal and robust capital structure to reduce the cost of capital

Valtech A/S has no external debt other than lease liabilities, which reduces the risk of capital management. Valtech A/S is not subject to external capital requirements other than those sat from the parent company. The operation is financed with funds from the operating activities, and we aim to get an EBITDA margin as high as possible. Valtech A/S works towards an EBITDA ratio around 13 - 15%. As of 2021 the EBITDA ratio is amounting to 9% (2020: 11%), which key management consider as satisfying. Management reviews its capital management on an ongoing basis to ensure that the Company has the capital required to pay the short-term liabilities.

	2021 DKK'000	2020 DKK'000
13. Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	3.108	8.050
Holiday pay obligation	10.764	10.561
VAT and duties	2.583	2.122
Other costs payable	4.069	2.497
Total other payables	**20.524**	**23.230**
Non-current	8.402	8.245
Current	12.122	14.985
Total other payables	**20.524**	**23.230**

Notes

	2021 DKK'000	2020 DKK'000
14. Working capital changes		
Change in receivables	(13.801)	6.223
Change in payables	(2.134)	8.327
Other adjustments	(1.039)	0
Total working capital changes	**(16.974)**	**14.550**

Analysis of movements in liabilities from financing activities:

2020	As at 1 January DKK'000	Cash flow from financing activities DKK'000	Other changes* DKK'000	As at 31 December DKK'000
Liabilities to group enterprises	3,245	6.288	0	9.533
Lease liabilities (current and non-current)	5.516	(2.241)	0	3.275
	8.761	**4.047**	**0**	**12.808**

2021	As at 1 January DKK'000	Cash flow from financing activities DKK'000	Other changes* DKK'000	As at 31 December DKK'000
Liabilities to group enterprises	9.533	7.836	0	17.369
Lease liabilities (current and non-current)	3.275	(3.856)	11.392	10.811
	12.808	**3.980**	**11.392**	**28.180**

* Other changes include non-cash adjustments such as remeasurement of lease liabilities.

Notes

15. Financial risk management

Financial risk factors
The financial risks of the Company are managed centrally. The overall risk management guidelines and policies have been approved by the Board of Directors. The Company identifies and evaluates exposures to financial risks on a ongoing basis. The board provides written principles for overall risk management.

The Company's exposure to financial risks are related to market risk, credit risk and liquidity risk.

Market risk
Market risks included the Company's exposure to changes in interest rates and foreign exchange rates.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Regarding the intercompany receivables there is calculated interests based on EURIBOR plus 1,5% per annum. There is no material risk related to the calculation on the intercompany receivable.

Consequently, the Company's exposure to changes in interest rates is considered insignificant by Management.

Foreign exchange risk
Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company entered a cash pool agreement with Valtech SE under which an euro account is placed. There is no significant risk related to the foreign exchange rate changes.

The Company's sales and procurement is mainly made in DKK, end secondly in EUR, and an insignificant amount in USD, and consequently the trade receivables are primarily held in those currencies. Foreign exchange risk arises in respect of those recognized financial assets and liabilities that are not in DKK, which is the Company's functional currency.

Since the DKK is part of the ERM-II mechanism and its exchange rate is tied to the euro (EUR), a variance of the DKK is insignificant.

The transactions in USD are on a very insignificant level, and therefore is no risk related to the sales and procurement in USD.

Credit risk
Credit risks, or the risk of counterparties defaulting, are controlled by monitoring procedures and credit approval procedures. The extent of the Company's credit exposure is represented by aggregate balance of amounts receivable as shown in the balance sheet. The Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The Company's exposure to credit risk is primarily related to trade receivables, contract assets and receivables from group enterprises.

For further information on the Company's exposure and policy for managing credit risk on trade receivables, please refer to note 12 Trade receivables.

The total loss of intercompany receivables has been under 1% the previous years, and therefore there is no credit risk related to the intercompany loan.

Notes

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The management is monitoring the liquidity status on an ongoing basis. This is done by comparing the actual figures with the budget, ongoing follow up on overdue payments related to trade receivables and intercompany receivables and liquidity forecasts when lager payments are expected.

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
	DKK'000	DKK'000	DKK'000	DKK'000
As at 31 December 2020				
Trade payables	4.309	0	0	4.309
Liabilities to group enterprises	9.533	0	0	9.533
Lease liabilities (current and non-current)	3.104	171	0	3.275
	16.946	**171**	**0**	**17.117**

	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
	DKK'000	DKK'000	DKK'000	DKK'000
As at 31 December 2021				
Trade payables	1.976	0	0	1.976
Liabilities to group enterprises	17.369	0	0	17.369
Lease liabilities (current and non-current)	2.730	8.081	0	10.811
	22.075	**8.081**	**0**	**30.156**

Notes

16. Financial assets and liabilities

	2021 DKK'000	2020 DKK'000
Financial assets		
Financial assets at amortised cost:		
Trade receivables	48.428	40.270
Receivables from group enterprises (current and non-current)	59.764	58.197
Cash and cash equivalents	8.788	12.911
Total financial assets	**116.980**	**111.378**
Financial liabilities		
Liabilities at amortised cost:		
Trade payables	1.976	4.309
Liabilities to group enterprises	17.369	9.533
Lease liabilities (current and non-current)	10.811	3.275
Total financial liabilities	**30.156**	**17.117**

For all financial assets and liabilities, the carrying values are equal to or approximate their fair values.

Notes

17. Related parties

Releted parties with controlling interest

The following related parties have a controlling interest in Valtech A/S:

Name	Registered office	Basis of influence
Valtech S.E.	United Kingdom	Parent

The Company is 100 % owned by Valtech S.E., 30, Boulevard Joseph II, L-1840 Luxembourg.

Related party transactions in the financial year 2020

Valtech A/S has had the following transactions with related parties in the financial year:

DKK´000

		Transactions		Outstanding balances	
Navn	Nature of Influence	Income DKK’000	Expenses DKK’000	Receivables DKK’000	Payables DKK’000
Valtech S.E.	Parent	12.540	(9.337)	58.197	(5.756)
Other Group enterprises	Other Group enterprises	15.786	(14.098)	5.277	(3.777)

The receivable from the parent company comprise of a facility agreement repayable in 2022 and carries an interest rate of euribor + 1.5%. The receivable is expected to be settled in cash.

Related party transactions in the financial year 2021

Valtech A/S has had the following transactions with related parties in the financial year:

DKK´000

		Transactions		Outstanding balances	
Navn	Nature of Influence	Income DKK’000	Expenses DKK’000	Receivables DKK’000	Payables DKK’000
Valtech S.E.	Parent	18.852	(13.984)	59.764	(12.487)
Other Group enterprises	Other Group enterprises	13.968	(22.053)	3.115	(4.882)

Transactions with group enterprises and the Parent comprise purchases and sales of consultancy services, trademark fee, corporate contribution and transfer of excess liquidity.

The receivable from the parent company comprise DKK 52.499 thousand under a cash pool agreement with Valtech SE which carries a floating interest rate.

Notes

18. Leases

The company has recognized the following amounts related to leases:

Right-of-use assets	2021 DKK'000	2020 DKK'000
Office	11.835	4.121
Total Right-of-use-assets	**11.835**	**4.121**
Lease liabilities		
Current	2.730	3.104
Non-current	8.081	171
Total lease liabilities	**10.811**	**3.275**

Additions to the right-of-use assets during the 2021 financial year were DKK 11.465 thousand (2020 DKK 1,429).

The statement of profit or loss shows the following amounts relating to leases:

	2021 DKK'000	2020 DKK'000
Depreciation charge of right-of-use assets	3.752	3.881

	2021 DKK'000	2020 DKK'000
Interest expense (included in finance expenses)	245	227
Expense relating to short-term leases (included in other operating expenses)	0	0
Expense relating to leases of low value assets that are not short-term leases (included in other operating expenses)	0	0
Expense relating to variable lease payments not included in lease liabilities (included in other operating expenses)	0	0

The total cash outflow for leases in 2021 was DKK 4.101 thousand (in 2020 DKK 3.845 thousand).

Notes

19. Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the Annual Report.

Notes

20. Accounting policies

These financial statements for 2021 has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial statements governing reporting class C enterprises (medium).

Valtech A/S is a company with its registered office in Denmark.

The financial statements are presented in DKK, which is considered the functional currency of the Company.

The most significant elements of accounting policies are described below. All amounts are rounded to the nearest DKK'000 except otherwise stated.

At a meeting held on 30 June 2022 the Board of Directors adopted the annual report for publication. The annual report is presented to the shareholder of Valtech A/S for adoption at the ordinary general meeting on 30 June 2022.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the financial statements and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the statement of comprehensive income when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement of comprehensive income as financial income or financial expenses. Property, plant and equipment, intangible asset, and other non-monetary assets that have been purchased in foreign currencies and are measured based on historical costs are translated using historical rates.

Statement of comprehensive income
Revenue

The Company sells consulting services within digital business development. The Company's services are mainly performed under either time-and-material or fixed-price contracts. For revenues generated under time-and-material contracts, revenues are recognized as services are performed with the corresponding cost of providing those services reflected as cost of sales when incurred. Most of such revenues are billed on a monthly basis whereby actual time is charged directly to the client. The Company's performance obligations are the hours performed; which are satisfied over time.

Notes

20. Accounting policies

The Company recognizes revenues from fixed-price contracts in the accounting periods in which services are rendered.

The Company has assessed that these performance obligations are satisfied over time, applying the input or output methods depending on the nature of the project and the agreement with the customer, recognizing revenue on the basis of the Company's efforts to the satisfaction of the performance obligation relative to the total expected inputs to the satisfaction of the performance obligation, or recognizing revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract, respectively. Each method used to measure the progress towards complete satisfaction of these performance obligations is applied according to the characteristics of each contract and client

Guarantees and related obligations are described in general contracts. To account for this risk, the Company has made a risk provision that is based on the expected risk for each individual project.

The Company also sells software but does not make any development thereof. Sale of software licenses is recognised when delivery has been made as the control passes to the customer at a point in time.

Payment terms are negotiated individually with customers but are typically in 30 days.

External project expenses

External project expenses comprise direct expenses to achieve revenue for the year.

Other operating income

Other operating income comprise income of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses for sale, marketing, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Company's staff.

Share-based payments

Share-based payment compensation benefits are provided to employees via the Group warrant program and restricted share unit (RSU) plan. Information relating to these schemes is set out in note 5.

The fair value of the warrants and RSUs granted is determined by the Group under the respective schemes and is recognised by the Company as an employee benefit expense, with a corresponding increase in equity as a transaction with owners.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of warrants and RESs that are expected to vest, respectively. Any revision to the original estimates, if any, is recognised by the Company in the income statement with a corresponding adjustment to equity.

Notes

20. Accounting policies

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on foreign currency transactions and tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax payable and current tax receivable are recognised in the balance sheet, calculated as tax on taxable income for the year, adjusted for prepaid tax.

On calculation of current tax, the tax rates and rules applicable at the balance sheet date are used.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities using the balance sheet liability method.

Deferred tax is calculated on the basis of the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules which – based on acts in force or acts actually in force at the balance sheet date – are expected to apply when the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets to be set off against future positive taxable income. At each balance sheet date, it is considered whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between, on one hand, the cost of the acquiree, the value of minority interests in the acquiree and the fair value of previously acquired investments and, on the other hand, the fair value of the acquired assets, liabilities and contingent liabilities.

Notes

20. Accounting policies

The carrying amount of goodwill is allocated to the Company's cash-generating units at the time of acquisition. The determination of cash-generating units follows the managerial structure and internal financial management.

For goodwill, recoverable amount is calculated annually irrespective of whether indications of impairment of value exist.

The recoverable amount of goodwill is calculated as discounted, estimated future cash flows at present value using a discount rate that reflects current market estimates of the time value of money, as well as the particular risks related to the company's activities.

Impairment losses are recognised in profit or loss. Impairment losses on goodwill are not reversed.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets, which is 3-5 years. The useful lives are reviewed annually.

Property, plant and equipment are tested for impairment when indicators on impairment exist. The carrying amount is written down to the recoverable amount, if lower.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as other operating income or expenses.

Receivables

Receivables include trade receivables, receivables from group enterprises and other receivables.

Receivables are measured at fair value on initial recognition and subsequently at amortised cost, usually equalling nominal value less write-downs for bad debts.

Allowance for losses are made according to the simplified expected credit loss model in IFRS 9, after which the total loss is recognized immediately in the income statement at the same time as the receivable is recognized in the balance sheet on the basis of the expected loss in the total life of the receivable. The expected loss is calculated as the percentage that has constituted the actual loss over the past four years. If the loss has been below 1% in the previous four years, an individual assessment of the outstanding invoices is made. The estimation of the expected credit loss considers forward-looking information such as macro-economic facts affecting the credit risk.

Notes

20. Accounting policies

Contract assets and liabilities (Contract work in progress)

Each contract in progress is recognised in the balance sheet under assets or liabilities other, depending on whether the net value of the contract, is positive or negative.

Contract work in progress is measured at the selling price of the work carried out less prepayments received at the reporting date. The selling price is measured based on the stage of completion and the total estimated income from individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. For the projects where the selling price cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Once it is likely that the total costs will exceed total income from a project, the expected loss is immediately recognised as cost.

For more information see note 10.

Cash

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Financial liabilities

On initial recognition, financial liabilities are measured at fair value less any transaction costs. These liabilities are subsequently measured at amortised cost applying the effective interest method.

Leases

The Company leases office facilities, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options. Contracts may contain both lease and non-lease components. For leases of office for which the Company is a lessee, the Company has elected to apply the practical expedient in IFRS 16 not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments include among other fixed payments and variable lease payments that are based on an index or a rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes

20. Accounting policies

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary.

The lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily determinable, the incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate and payments associated with leases with a lease term of 12 months or less and low-value assets are recognised as an expense in the income statement, included in other operating expenses.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes as well as financial income, financial expenses and income taxes paid.
Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividends.

Cash and cash equivalents comprise cash.

Notes

20. Accounting policies

Financial highlights
The ratios have been compiled in accordance with the following calculation formulas.

$$\textit{Profit margin} = \frac{\textit{Profit from primary activities x 100}}{\textit{Revenue}}$$

$$\textit{Return on equity} = \frac{\textit{Net profit for the year x 100}}{\textit{Average equity}}$$

$$\textit{Equity ratio} = \frac{\textit{Equity x 100}}{\textit{Balance sheet total}}$$

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Bestyrelsesmedlem
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2022-06-30 17:19:19 UTC
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Jakob Vasehus
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IP: 80.62.xxx.xxx
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