

KMD A/S

Lautrupparken 40

2750 Ballerup

CVR No. 26911745

Annual Report

1 April 2023 - 31 March 2024

22 financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 17. June 2024



Camilla Malene Sommer
Chairman

KMD A/S

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KMD A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of KMD A/S for the financial year 1 April 2023 - 31 March 2024.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

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

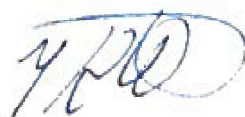
We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 17 June 2024

Executive Board



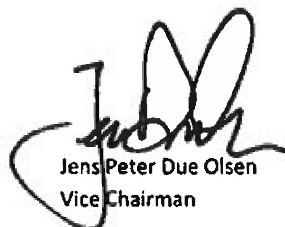
Per Erik Mikael Johansson
CEO



Jannich Kiholm Lund
CFO

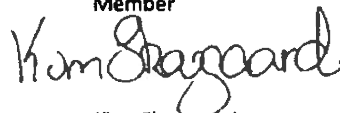
Supervisory Board

Tomoki Kubo
Chairman



Jens Peter Due Olsen
Vice Chairman

Takako Matsumi
Member



Kim Skovgaard
Employee Repr.

Mana Kinoshita
Member

Mitsuyo Nishioka
Member



Henrik Harder Olsen
Employee Repr.



Elliot Sikandar Olander Justesen
Employee Repr.

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Ballerup, 17 June 2024

Executive Board

Per Erik Mikael Johansson
CEO

Jannich Kiholm Lund
CFO

Supervisory Board



Tomoki Kubo
Chairman


Jens Peter Due Olsen
Vice Chairman



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Member



Mana Kinoshita
Member



Mitsuyo Nishioka
Member

Kim Skovgaard
Employee Repr.

Henrik Harder Olsen
Employee Repr.

Elliot Sikandar Olander Justesen
Employee Repr.

KMD A/S

Independent Auditors' Report

To the shareholders of KMD A/S

Opinion

We have audited the financial statements of KMD A/S for the financial year 1 April 2023 - 31 March 2024, which comprise an income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2024 and of the results of its operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

Basis of opinion

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

Management's responsibility for the financial statements

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

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

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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

KMD A/S

Independent Auditors' Report

Company's internal control.

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

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

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

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 17 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198



David Olafsson

State Authorised Public Accountant

mne19737



Kenn Wolff Hansen

State Authorised Public Accountant

mne30154

KMD A/S

Company details

| | |
|---------------------------|---|
| Company | KMD A/S Lautrupparken 40 2750 Ballerup |
| CVR No. | 26911745 |
| Date of formation | 3 December 2002 |
| Registered office | Ballerup |
| Board of Directors | Tomoki Kubo Jens Peter Due Olsen Takako Matsumi Mana Kinoshita Mitsuyo Nishioka Kim Skovgaard Henrik Harder Olsen Elliot Sikandar Olander Justesen |
| Executive Board | Per Erik Mikael Johansson, CEO Jannich Kiholm Lund, CFO |
| Auditors | KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198 |

Management's Review

Welcome to KMD

KMD is one of Denmark's largest IT and software companies, with locations in Copenhagen, Aarhus, Odense and Aalborg. The KMD Group also comprises subsidiaries in Norway, Sweden, Finland and Poland.

Insecurity regarding recognition or measurement

Insecurity regarding recognition and measurement is described in note 26 and covers impairment in relation to development projects and investment in group enterprises.

There is no material insecurity regarding recognition or measurement despite that.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 April 2023 - 31 March 2024 shows a result of TDKK 11.911 and the Balance Sheet at 31 March 2024 a balance sheet total of TDKK 3.927.832 and an equity of TDKK 1.620.832.

The company has recognised the following special items during the fiscal year:

Reorganization and structural adjustments:

Expenses relating to reorganization and structural adjustments primarily concern redundancy costs to employees amounting to MDKK 18.3 (2022/23 MDKK 10.7).

Transformation programs:

Expenses relating to transformation programs primarily relate to expenses associated with changing the business setup, including server, mainframe operation amounts to MDKK 36.4 (2022/23 MDKK 36.4).

Net profit/loss for the year compared with expected developments in the most recently published annual report

Revenue are considered to have met the outlook for the year. The decrease in revenue was MDKK 860, which consist of an expected decline in revenue of MDKK 785, due to sale of Perspective and Product Sales business. (last year's outlook from the sales was - MDKK 770) and the last part is due to discontinued contracts across the business.

The operating profit are higher than expected due to an adjustment of both other operating and personnel cost (last year's outlook was MDKK - 6).

Risks

As most other IT companies, KMD is exposed to a number of business risks relating to market developments, shifts in customer demand, technological changes, employee recruitment, project execution, etc.

Work to identify risks, consolidate the overview and ensure that relevant measures are initiated is an integral part of managing the business. KMD's enterprise risk management processes are executed within the frameworks defined by the Board of Directors. A significant part of KMD's business is delivered in the form of customer projects, with performance terms outlined in the relevant contracts.

Expectations for the future

KMD expects revenue to be at the same level as this year +/- MDKK 25.

KMD expects its total operating profit to be improved with 50-100% due to further optimization of other operating cost and personnel cost as well as growth in core markets.

Management's Review

Research and development activities

KMD's main strategic focus area continues to be product development and sale and support of software. We continued our investments in our products throughout the year.

Environment and climate

The company has implemented policies and procedures to ensure compliance and progress in respect of environment and climate. The company target is zero CO2-emissions from our business by 2030. For further information we refer to:

www.kmd.net/sustainabilityreport2023

Knowledge and know-how resources

In recent years, technological development has been taking place extremely rapidly, and customers expect innovative solutions deploying the latest technology. This creates a need for KMD to develop the competencies of its employees and managers. KMD is addressing this challenge in part through our transparent career model for upskilling and retaining capable employees to undertake the various development tasks.

Subsequent events

KMD has 22 March 2024 entered into agreements with Aeven A/S and T-systems. The agreements were signed on April 5th 2024.

The agreements are part of KMD strategy to focus on core competencies, which are sector-specific high-value software and services. Since 2018, KMD has outsourced specific infrastructure elements to Kyndryll and now part of this will be transferred to Aeven and T-Systems.

The agreement with Kyndryll expires in June 2025 and, subject to regulatory approvals, Aeven and T-Systems will commence the services in the first half of 2025 (with effect from May/June 2025) 13-15 month after the balance date. In addition to outsourcing the infrastructure service business, KMD also intends to transfer five independent customer contracts for IT outsourcing and KMD-owned data centers to Aeven. This is also subject to the necessary approvals from the authorities.

After the financial year, no other events have occurred which may change the financial position of the entity substantially.

Statement regarding corporate social responsibility - cf. Sections 99a of the Danish Financial Statements Act

KMD is working with different activities in the CSR field. A statement regarding corporate social responsibility can be found on KMD's website:

www.kmd.net/sustainabilityreport2023

Management's Review

Women at KMD - cf. Section 99b of the Danish Financial Statements Act

At KMD, we strive to put gender diversity on the agenda. We highlight our female leaders as role models, engage in the public debate on gender diversity and female leadership, and participate in networks and across boards.

Following the legislation of May 10, 2022, these are the targets for the share of the underrepresented gender in the supreme governing body of the company and other management level (cf. § 99 b)

In 2023-24, 2 out of 5 members of the Board of Directors elected by the company's general meeting were men. Therefore, we meet our target of 40 pct. of both genders on the Board of Directors. Our 2026 target is to continue to have at least 40% of both genders in the general meeting.

The share of the underrepresented gender for "other leadership levels", which includes the Executive Board (Direktion), and all other employees responding directly to them (as per the Danish Companies Act (Selskabsloven), §139c, stk.4), was of 27,8% for 2023-24. However, the target for this period was 44%. We have reassessed our target for the coming year, and our new target for 2026 is 40%. These values, as well as data for all managers and all employees, are presented in the below table for the year 2023-24.

Our 2024/25 target is to continue to have two female members among the members elected by the general meeting for the Board of Directors, equivalent to 40% of the general meeting. It is our goal to maintain an equal gender distribution on the Board of Directors by 2026.

The share of female leaders in all management levels are represented here along with the long term and short term targets for the gender distribution.

Leadership level 1 and 2 accounts for Other Management layers. Equal gender distribution for Other Management layers has been achieved.

Female representation

| | Total number of members | Current | End of FY 2024/25 | End of FY 2025/26 |
|--------------------------|----------------------------|---------|----------------------|----------------------|
| Board of Directors | 2 | 40.0 % | + 0 % | 40% |
| Leadership level 1 and 2 | 10 | 27.8 % | + 6 % | 40% |
| Leaders (across group) | | 31.2 % | + 5 % | 40% |
| Employees (across group) | | 33.2 % | + 1 % | 35% |

Management's Review

What will we do?

In KMD we are very serious in our pursuit to achieve gender equality in leadership as well as in all aspects of our culture. We believe that diversity is a strength which provides us with different perspectives, ideas and skills, allowing us to develop the company in a positive direction. For many years we have applied policies and initiatives to promote this development. But we also recognize that this is a difficult task to solve and a challenge with many different aspects to overcome. We will therefore also follow the below initiatives:

- Increase awareness of neurodiversity through training programs or awareness days.
- Continue to raise awareness about Diversity and Inclusion topics through our ongoing collaboration with communicators such as Caroline Farberger and Poornima Luthra.
- Continue implementing additional concepts in the coming years to further reduce stress, both at the team level and more broadly organizationally. Concepts and initiatives at all levels are essential to ensure a holistic and effective approach to prevent and handle stress, as well as ensuring a healthy psychosocial working environment.

The IT industry has for many years been dominated by male employees and it is not something we can change overnight. However, we believe we are in a good position to succeed with our targets, mainly as this is a high priority to our Board of Directors as well as our top management, which is visualized by the equal gender distribution in our top leadership levels.

In KMD we are still challenged on gender distribution in the other levels of management, and to overcome these challenges and meet our targets we have developed a plan that includes update of several policies to leverage equality, and a set of internal initiatives and structural changes to support the development of enhanced female leadership. We have established a governance, with the Sustainability Board as the responsible authority for the progress.

For further information we refer to:
www.kmd.net/sustainabilityreport2023

Management's Review

Reporting on Data Ethics

As one of the major data processors for the public sector in Denmark, and a processor of data within business-critical sectors like the energy and utility sector the responsibility to protect this data is of paramount importance to KMD.

Protection of personal data is a basic human right that we do our utmost to uphold. KMD has implemented security measures to protect individuals against accidental, or unlawful destruction, loss, alteration, or unauthorized disclosure of personal data. This is crucial for the individual's rights, as well as it is fundamental for upholding the general trust in the public digitalization. While cyber security and data protection is a core material topic regarding the protection of human rights, it is not done with protection and security alone. With the emerging ai technologies and fast paced deployment of these technologies, the fundamentals must be backed up by a data ethical policy and mindset. KMD, and the entire NEC Group wants to act responsibly and ensure, that we do not contribute to discrimination or inequality through our use of data.

Fundamental data ethical statements

KMD security strategic ambitions are reflected in the Information Security Policy which declares "that KMD maintains its excellence and dedication to achieve confidentiality, integrity, and availability of its information and delivery of secure services for public and private customers". In addition, the Privacy Policy describes how KMD process personal data when we act as a data controller in relation to the EU General Data Protection Regulation. Furthermore, we work on a basis of data ethical principles. When we process data and develop solutions, we apply four data ethical principles, addressing:

- Human dignity
- Anti-discrimination and bias
- Transparency
- Rights of individuals

For further information we refer to:

www.kmd.net/sustainabilityreport2023

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

| | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 3.227.898 | 4.087.587 | 4.294.804 | 4.298.560 | 4.834.075 |
| Operating profit/loss | 85.955 | 63.428 | 44.384 | 13.400 | 251.654 |
| Financial items net | -72.172 | -12.054 | 20.901 | -6.049 | -22.373 |
| Profit/loss for the year | 11.911 | 44.735 | 53.926 | 2.893 | 173.758 |
| Investment in tangible assets | 18.923 | 28.861 | 17.594 | 21.278 | 22.167 |
| Total equity | 1.620.832 | 1.631.892 | 1.613.065 | 1.593.949 | 1.591.056 |
| Total assets | 3.927.832 | 3.738.051 | 3.987.275 | 3.986.888 | 4.248.669 |
| Profit margin (%) | 2,66 | 1,55 | 1,00 | 0,30 | 5,20 |
| Solvency ratio (%) | 41,27 | 43,66 | 41,40 | 40,00 | 37,40 |
| Avg. number of full-time employees | 1.534 | 1.692 | 1.775 | 1.751 | 1.893 |

For definitions of key ratios, see Accounting Policies.

KMD A/S

Income Statement

| | Note | 2023/24 DKK'000 | 2022/23 DKK'000 |
|--|------|--------------------|--------------------|
| Revenue | 1 | 3.227.898 | 4.087.587 |
| Other operating income | | 1.238 | 83.780 |
| Other external expenses | | -1.681.838 | -2.596.826 |
| Staff expenses | 2 | -1.274.836 | -1.321.099 |
| Depreciation, amortisation expense and impairment losses | | -186.507 | -190.014 |
| Profit from ordinary operating activities | | 85.955 | 63.428 |
| Income from investments in group enterprises | | 18.928 | 11.496 |
| Financial income | 3 | 37.317 | 21.954 |
| Financial expenses | 4 | -128.417 | -45.504 |
| Profit before tax | | 13.783 | 51.374 |
| Tax expense for the year | 5 | -1.872 | -6.639 |
| Profit for the year | 6 | 11.911 | 44.735 |

KMD A/S

Balance Sheet as of 31 March

| | Note | 2024 DKK'000 | 2023 DKK'000 |
|---|--------|------------------|------------------|
| Assets | | | |
| Completed development projects | 7 | 365.381 | 436.113 |
| Software | 8 | 173 | 806 |
| Goodwill | 9 | 35.919 | 60.923 |
| Development projects in progress | 10 | 255.725 | 114.218 |
| Intangible assets | | 657.198 | 612.060 |
| Land and buildings | 11 | 42.621 | 43.878 |
| Plant and machinery | 12 | 140 | 265 |
| Fixtures, fittings, tools and equipment | 13 | 18.256 | 17.995 |
| Leasehold improvements | 14 | 58.706 | 58.389 |
| Property, plant and equipment | | 119.723 | 120.527 |
| Investments in group enterprises | 15, 16 | 1.437.781 | 1.437.781 |
| Deposits | 17 | 31.666 | 44.038 |
| Investments | | 1.469.447 | 1.481.819 |
| Fixed assets | | 2.246.368 | 2.214.406 |
| Inventories | | 2.576 | 2.523 |
| Short-term trade receivables | | 444.032 | 309.561 |
| Contract work in progress | 18 | 320.296 | 357.157 |
| Short-term receivables from group enterprises | | 266.944 | 255.540 |
| Short-term tax receivables from group enterprises | | 16.797 | 2.660 |
| Other short-term receivables | | 31.992 | 32.409 |
| Prepaid costs | 19 | 450.401 | 483.524 |
| Receivables | | 1.530.462 | 1.440.851 |
| Cash and cash equivalents | | 148.426 | 80.271 |
| Current assets | | 1.681.464 | 1.523.645 |
| Assets | | 3.927.832 | 3.738.051 |

KMD A/S

Balance Sheet as of 31 March

| | Note | 2024 DKK'000 | 2023 DKK'000 |
|--|------|------------------|------------------|
| Liabilities and equity | | | |
| Share capital | | 240.000 | 240.000 |
| Reserve for development costs | | 484.462 | 428.317 |
| Retained earnings | | 868.370 | 935.575 |
| Proposed dividend | | 28.000 | 28.000 |
| Equity | | 1.620.832 | 1.631.892 |
| Provisions for deferred tax | 20 | 116.510 | 99.037 |
| Other provisions | 21 | 52.874 | 60.879 |
| Provisions | | 169.384 | 159.916 |
| Payables to group enterprises | | 2.600 | 7.800 |
| Trade Payables | | 0 | 13.805 |
| Other payables | | 158.332 | 151.962 |
| Long-term liabilities other than provisions | 22 | 160.932 | 173.567 |
| Short-term part of long-term liabilities group enterprises | 22 | 5.200 | 5.200 |
| Prepayments received from customers | | 828 | 2.224 |
| Prepayments received for work in progress | 18 | 56.634 | 54.618 |
| Trade payables | | 666.033 | 725.330 |
| Payables to group enterprises | 22 | 934.776 | 704.723 |
| Other payables | 22 | 233.277 | 237.774 |
| Deferred income | 23 | 79.936 | 42.807 |
| Short-term liabilities other than provisions | | 1.976.684 | 1.772.676 |
| Liabilities other than provisions within the business | | 2.137.616 | 1.946.243 |
| Liabilities and equity | | 3.927.832 | 3.738.051 |
| Financial risks | 24 | | |
| Significant events occurring after end of reporting period | 25 | | |
| Significant assessments and accounting estimates | 26 | | |
| Contingent liabilities | 27 | | |
| Lease obligations | 28 | | |
| Related parties | 29 | | |
| Fees for auditors elected on the general meeting | 30 | | |

KMD A/S

Statement of changes in Equity

DKK'000

| | Share capital | Reserve for Development costs | Retained earnings | Proposed dividend recognised in equity | Total |
|-------------------------------|------------------|--|----------------------|---|------------------|
| Equity 1 April 2023 | 240.000 | 428.317 | 935.575 | 28.000 | 1.631.892 |
| Contribution from shareholder | 0 | 0 | 5.029 | 0 | 5.029 |
| Dividend paid | 0 | 0 | 0 | -28.000 | -28.000 |
| Profit (loss) | 0 | 56.145 | -72.234 | 28.000 | 11.911 |
| Equity 31 March 2024 | 240.000 | 484.462 | 868.370 | 28.000 | 1.620.832 |

The share capital has remained unchanged for the last 5 years.

The share capital comprise 1 share class with 240.000 shares of a nominal value of TDKK 1 each.

KMD A/S

Accounting Policies

The annual report of KMD A/S for 2023/24 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has decided not to include a cash flow statement due to Danish Financial Statements Act §86, 4.

The accounting policies applied remain unchanged from last year.

Consolidated Financial Statements

With reference to § 112 of the Danish Financial Statements Act, no Consolidated Financial Statement have been prepared because the Group enterprises are subsidiaries of a higher-ranking group.

Reporting currency

The annual report is presented in Danish Kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

General information

Basis of recognition and measurement

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income statement

Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue can be recognized over time or at a point in time. Revenue is recognized over time, when an asset on behalf of a customer is created with no alternative use and KMD has enforceable right to the payment for the performance completed year to date, or the customer obtains control of a service and has the ability to direct the use and obtain the benefit from the service.

The company's primary service offering include information technology consulting services and operations solutions. Consulting services are generally provided on either a time-and-material basis or as fixed price contract basis. Revenue from time-and-material contracts is recognized as hours are delivered and direct expenses are incurred. Revenue from fixed-price-contracts is recognized under the percentage of the total estimated costs of hours to fulfill the contract.

Revenue from operation solutions is recognized over time in the period the solutions are provided, which will either be based on output measures or using the straight-line-method over the term of the contracts.

License and royalty income is recognised at the time where the underlying transaction was performed.

Other operating income

Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets.

Other external expenses

Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. The item is deducted from refunds from public authorities.

Amortisation and impairment of tangible and intangible assets

Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

| | Usefull life |
|---|--------------|
| Completed development projects | 3-8 years |
| Software | 3-8 years |
| Goodwill | 10 years |
| Land and buildings | 20-50 years |
| Plant and machinery | 2-5 years |
| Fixtures, fittings, tools and equipment | 3-10 years |
| Leasehold improvements | 5 years |

Land is not amortized.

Profit or loss resulting from the sale of intangible assets or property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the income statement in other operating income or operating expenses.

Accounting Policies

Income from investments in group enterprises

Income from equity investments comprises dividends received from group enterprises so far as they do not exceed the accumulated earnings in the group enterprise during the ownership period.

Dividends from investments in subsidiaries are recognised as income from investments in the financial year in which the dividends are declared.

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, and surcharges and allowances under the advance-payment of tax scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish group companies are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost on initial recognition and subsequently at cost less accumulated amortization and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Other intangible assets

Other intangible assets, including Software etc., are measured at cost less accumulated amortization and impairment losses.

Development projects

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs. Other development costs are recognised as costs in the Income Statement as they incur.

Development costs comprise costs, including wages, salaries and amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

An impairment test of acquired intangible assets is performed in the event of indications of a decrease in value. Furthermore, annual impairment tests are performed for ongoing and activated development projects, if any. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written

Accounting Policies

down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

The carrying amounts of property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortization and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Investments in group enterprises

Equity investments in subsidiaries are measured at cost. Dividends that exceed accumulated earnings of the subsidiaries during the ownership period are treated as a reduction of the cost. If cost exceeds the net realizable value, a write-down to this lower value will be performed.

Deposits

Deposits are measured at cost.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accounting Policies

Contract work in progress

Contract work in progress are measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion at the balance sheet date and the estimated total income from the individual work in progress. The stage of completion is determined on the basis of costs incurred in relation to expected total costs.

When the selling price of a construction contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred an net realisable valude and the individual construction contract is recognised in the balance sheet as receivables or payables, respectively.

Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Payments on account are set off against contract work in progress. Progress billings received in excess of the contract work performed are calculated separately for each contract and recognized as prepayments from customers under short term liabilities other than provisions.

Prepaid expenses

Prepaid costs recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Reserve for development costs

Reserve for development cost includes capitalized development costs less tax effect. The reserve is not available for the payment of dividends or cover of losses. The reserve is deducted or dissolved by depreciation, amortization and impairment losses on capitalized development projects.

Deductions are made of transfers from distributable reserves.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Other provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Other provisions are recognised when the Company has a legal or actual obligation as a result of a past event, and it is likely that settlement will result in the company spending financial resources.

Accounting Policies

Current tax liabilities

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

Financial liabilities

Financial liabilities, which consist of; Trade Payables and payables to group enterprises are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Prepayments received from customers

Prepayments received from customers recognized under "current liabilities" comprises payments received concerning income in subsequent financial years

Other short-term liabilities

Other short-term liabilities comprising deposits, trade payables and other payable, are measured at amortised cost, which usually corresponds to the nominal value.

Deferred income entered as liabilities

Deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years, when the revenue recognition criterias are met.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Segment information

Segment information is provided about business areas. Segmentation is in accordance with the Company's internal reporting and responsibilities. The segment figures are prepared according to the same policies as the Corporate Financial Statements and the reportable segments are identical with last year's reportable segments.

Explanation of financial ratios

| | | |
|--------------------|---|--|
| Profit margin | = | $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$ |
| Solvency ratio (%) | = | $\frac{\text{Total equity}}{\text{Total liabilities and equity}}$ |

KMD A/S

Notes

1. Revenue

| | 2023/24 DKK'000 | 2022/23 DKK'000 |
|----------------------------|--------------------|--------------------|
| Segment Information | | |
| Local government | 1.547.313 | 1.872.658 |
| Central government | 740.294 | 992.177 |
| Business / Private | 940.291 | 1.222.752 |
| Revenue | 3.227.898 | 4.087.587 |

2. Staff expenses

| | | |
|---------------------------------|------------------|------------------|
| Wages and salaries | 1.152.697 | 1.196.927 |
| Post-employment benefit expense | 112.038 | 112.268 |
| Social security contributions | 10.101 | 11.904 |
| | 1.274.836 | 1.321.099 |

Hereof remuneration to management

| | | |
|--------------------|---------------|---------------|
| Management | 15.800 | 14.783 |
| Board of directors | 1.233 | 858 |
| | 17.033 | 15.641 |

| | | |
|-----------------------------|-------|-------|
| Average number of employees | 1.534 | 1.692 |
|-----------------------------|-------|-------|

3. Financial income

| | | |
|---|---------------|---------------|
| Financial income from group enterprises | 10.928 | 5.629 |
| Other financial income | 26.389 | 16.325 |
| | 37.317 | 21.954 |

4. Financial expenses

| | | |
|---|----------------|---------------|
| Financial expenses to group enterprises | 42.011 | 16.319 |
| Other financial expenses | 86.406 | 29.185 |
| | 128.417 | 45.504 |

KMD A/S

Notes

5. Tax expense

| | 2023/24 | 2022/23 |
|-------------------------------|--------------|--------------|
| | DKK'000 | DKK'000 |
| Current tax | -16.797 | -2.660 |
| Deferred tax | 19.772 | 7.183 |
| Adjustment of tax prior years | -1.103 | 2.116 |
| | <u>1.872</u> | <u>6.639</u> |

6. Proposed distribution of results

| | | |
|--|---------------|---------------|
| Proposed dividend | 28.000 | 28.000 |
| Transferred to reserve for development costs | 56.145 | 6.773 |
| Retained earnings | -72.234 | 9.962 |
| | <u>11.911</u> | <u>44.735</u> |

7. Completed development projects

| | | |
|---|-------------------|-------------------|
| Cost at the beginning of the year | 1.598.484 | 1.422.243 |
| Transfer from Software and relationships | 192.036 | 0 |
| Addition during the year, incl. improvements | 20.225 | 73.222 |
| Disposal during the year | -7.905 | -5.225 |
| Transfers during the year from development projects in progress | 50.187 | 108.244 |
| Cost at the end of the year | <u>1.853.027</u> | <u>1.598.484</u> |
| Amortisation at the beginning of the year | -1.162.371 | -1.019.138 |
| Transfer from Software and relationships | -192.035 | 0 |
| Amortisation for the year | -141.145 | -144.365 |
| Reversal of impairment losses and amortisation of disposed assets | 7.905 | 1.132 |
| Impairment losses and amortisation at the end of the year | <u>-1.487.646</u> | <u>-1.162.371</u> |
| Carrying amount at the end of the year | <u>365.381</u> | <u>436.113</u> |

Development projects relates to the development and improvements of the Company's IT-solutions.

Notes

8. Software

| | 2024 | 2023 |
|--|----------------|----------------|
| | DKK'000 | DKK'000 |
| Cost at the beginning of the year | 96.351 | 96.351 |
| Transfers to Development projects | -81.740 | 0 |
| Cost at the end of the year | 14.611 | 96.351 |
| Amortisation at the beginning of the year | -95.545 | -93.717 |
| Transfers to Development projects | 81.740 | 0 |
| Amortisation for the year | -633 | -1.828 |
| Impairment losses and amortisation at the end of the year | -14.438 | -95.545 |
| Carrying amount at the end of the year | 173 | 806 |

Booked value of leased assets amounts to DKK 173k (2022: DKK 806k)

9. Goodwill

| | | |
|--|-----------------|-----------------|
| Cost at the beginning of the year | 322.377 | 322.377 |
| Cost at the end of the year | 322.377 | 322.377 |
| Amortisation at the beginning of the year | -261.454 | -236.152 |
| Amortisation for the year | -25.004 | -25.302 |
| Impairment losses and amortisation at the end of the year | -286.458 | -261.454 |
| Carrying amount at the end of the year | 35.919 | 60.923 |

10. Development projects in progress

| | | |
|---|----------------|----------------|
| Cost at the beginning of the year | 114.218 | 149.356 |
| Addition during the year, incl. improvements | 191.694 | 77.102 |
| Disposal during the year | 0 | -3.996 |
| Transfers during the year to completed development projects | -50.187 | -108.244 |
| Cost at the end of the year | 255.725 | 114.218 |
| Carrying amount at the end of the year | 255.725 | 114.218 |

Development projects relates to the development and improvement of existing IT-solutions as well as development of new IT solutions. The projects are expected to be completed within 1-3 years where management expects that economic benefits exceed the investments.

Notes

11. Land and buildings

| | 2024 | 2023 |
|---|----------------|----------------|
| | DKK'000 | DKK'000 |
| Cost at the beginning of the year | 139.287 | 139.287 |
| Cost at the end of the year | 139.287 | 139.287 |
| Depreciation at the beginning of the year | -95.409 | -94.151 |
| Depreciation for the year | -1.257 | -1.258 |
| Impairment losses and depreciations at the end of the year | -96.666 | -95.409 |
| Carrying amount at the end of the year | 42.621 | 43.878 |

12. Plant and machinery

| | | |
|---|----------------|----------------|
| Cost at the beginning of the year | 34.947 | 34.886 |
| Addition during the year, incl. improvements | 0 | 61 |
| Cost at the end of the year | 34.947 | 34.947 |
| Depreciation at the beginning of the year | -34.682 | -34.359 |
| Depreciation for the year | -125 | -323 |
| Impairment losses and depreciations at the end of the year | -34.807 | -34.682 |
| Carrying amount at the end of the year | 140 | 265 |

13. Fixtures, fittings, tools and equipment

| | | |
|---|-----------------|-----------------|
| Cost at the beginning of the year | 147.473 | 139.547 |
| Addition during the year, incl. improvements | 10.558 | 10.518 |
| Disposal during the year | -18.502 | -2.592 |
| Cost at the end of the year | 139.529 | 147.473 |
| Depreciation at the beginning of the year | -129.478 | -119.914 |
| Depreciation for the year | -10.218 | -12.155 |
| Reversal of impairment losses and depreciation of disposed assets | 18.423 | 2.591 |
| Impairment losses and depreciation at the end of the year | -121.273 | -129.478 |
| Carrying amount at the end of the year | 18.256 | 17.995 |

Notes

14. Leasehold improvements

| | 2024 | 2023 |
|---|------------------|------------------|
| | DKK'000 | DKK'000 |
| Cost at the beginning of the year | 124.448 | 106.166 |
| Addition during the year, incl. improvements | 8.365 | 18.282 |
| Disposal during the year | -6.309 | 0 |
| Cost at the end of the year | 126.504 | 124.448 |
| Depreciation at the beginning of the year | -66.059 | -61.276 |
| Depreciation for the year | -7.538 | -4.783 |
| Reversal of impairment losses and amortisation of disposed assets | 5.799 | 0 |
| Impairment losses and depreciation at the end of the year | -67.798 | -66.059 |
| Carrying amount at the end of the year | 58.706 | 58.389 |
| 15. Investments in group enterprises | | |
| Cost at the beginning of the year | 1.437.781 | 1.437.781 |
| Cost at the end of the year | 1.437.781 | 1.437.781 |
| Carrying amount at the end of the year | 1.437.781 | 1.437.781 |

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Notes

16. Disclosure in long-term investments in group enterprises

DKK'000

Group enterprises - Denmark

| Name | Registered office | Share held in | | Equity | Profit/loss |
|-------------------|------------------------|---------------|---|----------------|--------------|
| | | | % | | |
| Edlund A/S | Frederiksberg, Denmark | 100,00 | | 13.051 | -27.410 |
| UV Data A/S | Aalborg, Denmark | 100,00 | | 186.493 | 23.382 |
| KMD Venture A/S | Ballerup, Denmark | 100,00 | | 1.629 | -531 |
| Scan Jour A/S | Ballerup, Denmark | 100,00 | | 16.395 | 6.891 |
| Charlie Tango A/S | Copenhagen, Denmark | 100,00 | | -2.732 | 3.205 |
| | | | | 214.836 | 5.537 |

Group enterprises - other countries

| Name | Registered office | Share held in | | Equity | Profit |
|-----------------------|-------------------|---------------|---|----------------|---------------|
| | | | % | | |
| KMD Poland sp. z.o.o. | Warsaw, Poland | 100,00 | | 51.893 | 20.609 |
| BanqSoft AS | Oslo, Norway | 100,00 | | 180.253 | 30.711 |
| | | | | 232.146 | 51.320 |

Management has prepared an impairment test in respect of the carrying amount of the investments in subsidiaries stated above.

The impairment test is based on the subsidiaries budgeted contribution to EBIT for the coming 5 years and in addition a constant growth in the terminal period after 5 years. The WACC applied is 8,5% and the increase in the growth in the terminal period is 2% for all entities. The applied growth of 2% is in line with the expectations to the Danish long-term GDP Growth.

The recoverable amount is estimated to be above the carrying amount.

Probable changes in the basic preconditions for the main part of the investments will not lead to a situation whereby the carrying amount of the investment in subsidiaries will significantly exceed the recoverable amount calculated in the impairment test.

One of the investment is sensitive to simultaneous negative change in the growth rate and applied WACC, but the risk is not considered more likely than not and hence it is still expected that the carrying amount of the investment will exceed the recoverable amount calculated in the impairment test.

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Notes

17. Deposits

| | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| | DKK'000 | DKK'000 |
| Deposit at the beginning of the year | 44.038 | 39.231 |
| Additions | 0 | 4.807 |
| Disposals | -12.372 | 0 |
| | 31.666 | 44.038 |

| | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| | DKK'000 | DKK'000 |
| 18. Contract work in progress | | |
| Selling price of work in progress | 346.948 | 421.553 |
| Payments received on account | -83.286 | -119.014 |
| Net value of contract work | 263.662 | 302.539 |

Recognised in the balance sheet as follows:

| | | |
|--|----------------|----------------|
| Contract work in progress recognised in assets | 320.296 | 357.157 |
| Prepayments received recognised in debt | -56.634 | -54.618 |
| | 263.662 | 302.539 |

19. Prepaid costs

Prepaid costs mainly relate to costs relating to third-party service contracts relating to software, maintenance and consulting.

A part of prepaid cost amounting to MDKK 74 will impact financial statement after one year.

20. Provisions for deferred tax

| | Intangible Assets | PP&E | Receivable | Short-term liabilities other than provisions | Prepaid costs | Tax losses | Other receivables | Total |
|--|----------------------|----------------|------------|---|------------------|---------------|----------------------|----------------|
| At the beginning at the year April 2023 | 119.621 | -26.887 | -503 | -17.266 | 21.992 | -3.595 | 5.675 | 99.037 |
| Movements | 14.948 | -9.678 | 446 | -712 | 9.275 | 3.595 | -401 | 17.473 |
| At the end of the year March 2024 | 134.569 | -36.565 | -57 | -17.978 | 31.267 | 0 | 5.274 | 116.510 |

Notes

21. Other provisions

Other provisions relate essentially to expected expenses in connection with customer projects and legal cases. The settlement of the provision is expected within 1-5 years but it is dependent on external factors that can change.

22. Long-term liabilities

| | Due within 1 year DKK'000 | Due between 1-5 year DKK'000 | Due after 5 years DKK'000 |
|-------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Payables to group enterprises | 934.776 | 0 | 0 |
| Loans from group enterprises | 5.200 | 2.600 | 0 |
| Other payables | 233.277 | 22.463 | 135.869 |
| | <u>1.173.253</u> | <u>25.063</u> | <u>135.869</u> |

23. Deferred income

Deferred income consists of payments received from customers for services in respect of software and related services that will be delivered in the coming financial year. The income is to be recognised in the subsequent financial year.

24. Financial risks

The Company is financed from the NEC Group and has no external loans as of 31 March 2024. Based on this, it is the assessment of the management that the Company will have sufficient financing for the expected business activity for the coming year.

The fluctuations in exchange rates have not had a significant influence on the Company's results. The Company is not exposed to changes in interest rates, and fluctuations in exchange rates, hence these factors have no significant influence on the Company's cash flows. The Company's receivables are from large well known customers, hence management believes that the credit risk is under control.

25. Significant events occurring after end of reporting period

KMD has in April 2024 entered into a Business Transfer agreement with Aeven A/S. The agreement was signed April 5th 2024. This is part of KMD plan to outsource midrange and mainframe infrastructure services. The agreement will not have an impact on the financial numbers for the coming financial year.

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

26. Significant assessments and accounting estimates**Accounting estimates****Development projects**

Completed development projects and development projects in progress are reviewed annually for indications of impairment. Where indications of impairment are identified, an impairment test is carried out for the individual development projects. In the case of development projects in progress, an impairment test is carried out each year. The impairment test is based on various factors, including future use of the projects, the present value of expected future earnings, plus interest rate and other risks. For KMD, the measurement of development projects in progress could be significantly impacted by material changes in estimates and assumptions underlying the calculated values, including developments in technologies and interest rates.

Notes

Investment in group enterprises

Management has prepared an impairment test in respect of the carrying amount of the investments in subsidiaries. Refer to note 16 for further details and conclusion.

27. Contingent liabilities

The Company is involved in normal commercial disputes. Although the final outcome of these matters cannot be predicted, Management does not consider that they will have a material impact on the Company's results or financial position.

KMD A/S is jointly taxed with the other Danish companies including Soleil and subsidiaries and sister companies in Denmark. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.

28. Lease obligations

DKK'000

| | 31 March 2024 | 31 March 2023 |
|---|----------------|----------------|
| Office rent commitments due within 1 year | 59.212 | 73.204 |
| Office rent commitments due from 1 to 5 years | 231.246 | 187.648 |
| Office rent commitments due after 5 years | 292.169 | 312.265 |
| Total | 582.627 | 573.117 |

Rental commitments relate primarily to office buildings where contracts have been entered into that are non-cancelable. The longest running contracts terminates in March 2035.

DKK'000

| | 31 March 2024 | 31 March 2023 |
|---|----------------|----------------|
| Other contractual commitments due within 1 year | 36.737 | 35.395 |
| Other contractual commitments due from 1 to 5 years | 76.493 | 79.004 |
| Other contractual commitments due after 5 years | 26.205 | 26.205 |
| Total | 139.435 | 140.604 |

Other contractual commitments mainly comprise lease contracts concerning canteen operation, contracts concerning software/maintenance subscriptions and car leasing contracts.

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Notes

29. Related parties

| The company's related parties | Domicile | Relationship | Ownership |
|--|---------------------|---|-----------|
| NEC Corporation | Tokyo, Japan | Shareholder in Soleil ApS | 85% |
| Fund Corporation for the Overseas Development of Japan's ICT and Postal Services | Tokyo, Japan | Shareholder in Soleil ApS | 15% |
| Soleil ApS | Ballerup, Denmark | Shareholder in KMD A/S | 100% |
| Edlund A/S | Copenhagen, Denmark | Subsidiary of KMD A/S | 100% |
| UVdata A/S | Aalborg, Denmark | Subsidiary of KMD A/S | 100% |
| Charlie Tango A/S | Copenhagen, Denmark | Subsidiary of KMD A/S | 100% |
| KMD Venture A/S | Copenhagen, Denmark | Subsidiary of KMD A/S | 100% |
| Scan Jour A/S | Denmark | Subsidiary of KMD A/S | 100% |
| KMD Poland sp. z o.o. | Warszawa, Poland | Subsidiary of KMD A/S | 100% |
| Banqsoft AS | Oslo, Norway | Subsidiary of KMD A/S | 100% |
| Banqsoft OY | Esbo, Finland | Subsidiary of Banqsoft AS | 100% |
| Banqsoft sp. z o.o. | Warszawa, Poland | Subsidiary of Banqsoft AS | 100% |
| Banqsoft Sweden Filial | Stockholm, Sweden | Branch of Banqsoft AS | 100% |
| Bansoft Denmark A/S | Copenhagen, Denmark | Subsidiary of Banqsoft AS | 100% |
| Banqsoft Credit Management AS | Stockholm, Sweden | Subsidiary of Banqsoft AS | 100% |
| Concent Poland sp. z o.o. | Warszawa, Poland | Subsidiary of Banqsoft Credit Management AS | 100% |

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Notes

| Related party transactions: (DKK'000) | 2023/24 | 2022/23 |
|--|----------------|----------------|
| Sales of good and services | 86.466 | 102.171 |
| Purchase of goods and services | 129.049 | 441.757 |
| Interest income, Group | 10.928 | 5.629 |
| Interest expense, Group | 42.011 | 16.319 |
| Dividends received | 18.928 | 11.496 |
| Receivables | 266.944 | 255.540 |
| Payables | 942.976 | 717.723 |

The company's related parties consist of the Board of Directors, Executive Board and senior employees, and close family members of these persons.

Related parties also consist of companies in which the specified group of people have significant influence.

Remuneration

Remuneration of the Board of Directors and Executive Board are described in note 2.

KMD A/S is owned 100% by Soleil ApS. KMD A/S' ultimate parent company is NEC Corporation. The Company is included in the consolidated financial statements of NEC Corporation. A copy of the consolidated financial statement is available by contacting, Group Secretariat, Lautrupparken 40, 2750 Ballerup, Denmark.

30. Fees for auditors elected on the general meeting

The Company has decided not to disclose the fees for auditors in accordance with the Danish Financial Statements Act §96, 3. The fees for auditors is included in the consolidated financial statement for NEC Corporation.