



Conscia Danmark A/S

Kirkebjerg Parkvej 9, 2., DK-2605 Brøndby

Annual Report for 1 October 2019 - 30 September 2020

CVR No 27 12 65 02

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/2 2021

Martin Adrian Møller
Chair of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Conscia Danmark A/S for the financial year 1 October 2019 - 30 September 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2020 of the Company and of the results of the Company operations for 2019/20.

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

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

Brøndby, 24 February 2021

Executive Board

Mette Louise Kaagaard
CEO

Board of Directors

Claus Thorsgaard
Chairman

Mette Louise Kaagaard

Martin Adrian Møller

Independent Auditor's Report

To the Shareholder of Conscia Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Conscia Danmark A/S for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's Report

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

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

Hellerup, 24 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Company Information

The Company

Conscia Danmark A/S
Kirkebjerg Parkvej 9, 2.
DK-2605 Brøndby

CVR No: 27 12 65 02

Financial period: 1 October - 30 September

Incorporated: 16 April 2003

Financial year: 17th financial year

Municipality of reg. office: Brøndby

Board of Directors

Claus Thorsgaard, Chairman
Mette Louise Kaagaard
Martin Adrian Møller

Executive Board

Mette Louise Kaagaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	876,439	816,049	718,566	758,956	701,436
Gross profit/loss	218,214	197,919	184,332	191,537	175,195
EBITDA	90,637	92,497	76,798	91,052	84,951
EBITDA normalized*	92,829	92,497	79,499	91,052	85,221
Normalized cash EBITDA	190,638	163,884	0	0	0
EBITA	83,424	85,042	74,862	88,055	83,430
Profit/loss before financial income and expenses	74,406	80,330	71,368	86,283	82,231
Net financials	-538	1,952	4,909	3,127	1,933
Net profit/loss for the year	56,688	63,244	58,719	69,250	65,350
Balance sheet					
Balance sheet total	391,818	281,661	357,872	294,816	217,999
Equity	87,040	29,078	128,358	125,690	56,627
Investment in property, plant and equipment	8,010	3,448	1,457	1,799	3,670
Number of employees	135	111	114	101	87

Financial Highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	24.9%	24.3%	25.7%	25.2%	25.0%
EBITDA ratio	10.3%	11.3%	10.7%	12.0%	12.1%
EBITDA normalized ratio	10.6%	11.3%	11.1%	12.0%	12.1%
Normalized cash EBITDA ratio	21.8%	20.1%	0.0%	0.0%	0.0%
EBITA ratio	9.5%	10.4%	10.4%	11.6%	11.9%
Profit margin	8.5%	9.8%	9.9%	11.4%	11.7%
Return on assets	19.0%	28.5%	19.9%	29.3%	37.7%
Solvency ratio	22.2%	10.3%	35.9%	42.6%	26.0%
Return on equity	97.6%	80.3%	46.2%	76.0%	83.7%

For definitions, see under accounting policies.

* Normalized EBITDA is adjusted for non-recurring costs.

** Normalized cash EBITDA is including total deferred income relating to IFRS 15.

In 2018/19 the leasing and revenue recognition accounting policies were amended. The comparative figures have not been adjusted for the change of policy for the years 2015/16 - 2017/18. Reference is made to the accounting policies.

In 2019/2020 Conscia Denmark A/S merged with Cloudpartners ApS. The business combinations are accounted under the booked equity method. The figures for 2015/16 - 2018/2019 figures have not been restated. For further information a reference is made to note 21 - accounting policies.

Management's Review

The significant activities of company

Conscia Danmark A/S (Conscia) provides IT solutions, consultancy and services to some of the largest private enterprises and public-sector organizations in Denmark. Conscias highly certified consultants deliver network infrastructure, data center, mobility, cloud, and security to our customers in strong partnerships with large international technology players as Cisco, Palo Alto and VMware. Conscia offers its unique, Cisco-awarded service concept CNS (Conscia Network Services) as well as security operations center services and core network managed services. This to secure high quality, competence and stable operations at the customer sites.

Conscia is a Cisco certified Gold Partner, VMware PSO Partner, and PaloAlto Diamond Partner. In addition, Conscia has partnerships with other vendors such as AWS, and MobileIron. Cisco recognized Conscia with two EMEAR North Technology Excellence awards for the excellent fiscal year 19/20 achievements in Enterprise Networking and Service Provider. In addition, Conscia achieved several Danish Cisco awards for the focus and engagement in Security, Enterprise Networking & Cloud, Service Provider, and Software. PaloAlto recognized Conscia (former Credocom) with a northern Europe firewall award.

Development in activities and financial matters

Conscia A/S's EBITDA for 2019/2020 amounts to DKK 91 million compared to DKK 92 million for the same period in 2018/2019. Management considers the results for the year satisfactory.

In September 2020 Conscia signed a purchase agreement with the Danish Cybersecurity company, Credocom with appr. 40 security experts. A few days later, Conscia acquired the VMware Partner, Net IT with five highly skilled virtualization and security consultants. And simultaneously, the IT media, Computerworld, selected Conscia as the Number 1, large IT company in Denmark based on performance.

Corporate Governance

For our mandatory statement on corporate social responsibility, we refer to the management review below.

Social responsibility

In accordance with section 99 a of the Danish Financial Statements Act, we refer to Capnor Connery HoldCo A/S who has prepared a consolidated statement covering policies and activities across the group.

Management's Review

Gender composition of Board and executive management

In general, the employees are meant to experience an open and unprejudiced culture where the individual can use his or her skills in the best possible way, regardless of gender, age and ethnic background. Both women and men have the same opportunities for careers and leadership positions.

Conscia's overall policy is to employ or promote the best suitable persons no matter of gender. Traditionally, the leading positions within the business are over-represented by men just as applications for new positions are primarily received from men and this complicates the work towards gender balance.

Conscia's policy in relation to the under-represented gender is reassessed on an ongoing basis in order to create a basis for increasing the gender equality.

As of 30 September 2020, Conscia represents 137 employees, which is an increase of 19 employees since same time last year.

It is the company's aim to reflect a larger gender diversity in both the board and executive management over time by increasing the number of women in leadership positions. To do so and to promote diversity in general we encourage all candidates to apply, regardless of gender, race, age and cultural background. We are also striving to make our job ads appealing to diverse candidates. As of September 2020, the board of directors consists of 2 men and one female and the executive management team consists of 1 female.

Risks

Conscia is exposed to uncertainties and risk factors, which may affect some or all of the company's activities.

Contractual risks

As Conscia's business model is founded upon extensive partnerships, it is essential to secure that vendor contracts or other agreements do not impose abnormal obligations on Conscia, nor are drafted in an unbalanced manner with regards to the protection of Conscia's business. Therefore, before entering any agreements, suppliers are thoroughly evaluated with regards to financial solidity, delivery quality, timeliness as well as overall reliability.

Employee risks

Conscia is well aware that employees are the most important asset of the company. As Conscia's business model is founded upon IT consultancy and extensive partnerships, having the right competencies with the adequate experience is vital. Therefore, it is important that Conscia continues to attract, retain and develop skilled employees. Failure to do so will negatively impact the continued development of the company.

Management's Review

Currency risks

Conscia is exposed to currency fluctuations in the countries where it has its main activities. I.e. the risks relate primarily to the rise/fall in USD, as almost all hardware and software are purchased in USD. It is company policy to seek to offset exchange-rate risks by matching revenue, as well as other positive cash flow, against costs in the same currencies. If this is not possible, the exchange risk is hedged via foreign exchange contracts. No speculative currency positions are taken.

Exchange rate fluctuations related to the translation of the results and intercompany balance of foreign subsidiaries at the balance sheet date constitute a risk. The company does not hedge this type of risk. Consequently, the company may be affected in the short term by exchange rate fluctuations related to the translation of the results and intercompany balance of subsidiaries into DKK.

IT risks

Conscia uses IT to a significant extent and is vulnerable to interruptions of operation and breaches of the established security. Conscia continuously seeks to improve its IT security in order to ensure that a high level of security is maintained at all times.

The Audit Committee assists the board of directors with reviews of financial reporting processes, review of internal control systems including risk management and the on-going dialogue with the external auditor.

Research and development activities

Conscia does not carry out research but is continuously developing our service portal, CNS, as well as internal systems to support its customers' business.

Intellectual capital resources

To some extent, Conscia is dependent on attracting and retaining employees who are able to continue the development of the Company's operations. Knowledge resources that may be of particular importance for the Company's future operations relate to being at the front edge of a wide range of services.

Unusual events

The financial position at 30 September 2020 of the Company and the results of the activities of the Company for the financial year for 2019/20 have not been affected by any unusual events, there's not already mentioned in the management review.

Uncertainty relating to recognition and measurement

During the financial year, there has been no deviation by recognition and measurement of account entries in neither the company accounts nor the financial report respectively.

Management's Review

Outlook for 2019/2020

In 2020/2021, Conscia expects growth in revenue, EBITDA and in number of employees compared with 2019/2020.

Unusual events

Covid-19

Like all other companies, Conscia was impacted by the Covid-19 pandemic. Mid-March, the Company worked out a Covid-19 response strategy around four priorities:

- 1) Making people feel safe and reduce concerns
- 2) Ensuring steady operations and close contact with the customers
- 3) Assessment of business impact
- 4) Taking measures based on various scenarios

Due to execution of a comprehensive mitigation plan, and the Company's resilient business model, the impact of Covid-19 was relative low. Conscia's performance was also recognized by Cisco, who gave us several awards; e.g. the EMEAR North Partner of the Year (best partner across the Nordics, Benelux, and the Baltics) within Enterprise Networking & Cloud and Service Provider plus a number of awards at the individual country level: Private Sector Partner of the Year in Norway, Public Sector Partner of the Year in the Netherlands, Transformation & Innovation Partner of the Year in Germany. Conscia was also the first partner worldwide to achieve the Cisco Customer Experience Advanced Specialization Partner certification. Management considers the results for the year satisfactory and according to expectations.

Subsequent events

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

Income Statement 1 October - 30 September

	Note	2019/20 TDKK	2018/19 TDKK
Revenue	1	876,439	816,049
Expenses for raw materials and consumables		-621,084	-593,304
Other external expenses		-37,141	-24,826
Gross profit/loss		218,214	197,919
Staff expenses	2	-127,577	-105,422
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-16,231	-12,167
Profit/loss before financial income and expenses		74,406	80,330
Financial income	4	4,295	5,417
Financial expenses	5	-4,833	-3,465
Profit/loss before tax		73,868	82,282
Tax on profit/loss for the year	6	-17,180	-19,038
Net profit/loss for the year		56,688	63,244

Balance Sheet 30 September

Assets

	Note	2020 TDKK	2019 TDKK
Acquired other similar rights		9,474	10,992
Goodwill		32,994	35,192
Intangible assets	7	42,468	46,184
Land and buildings		5,528	5,651
Other fixtures and fittings, tools and equipment		6,242	5,322
Property, plant and equipment	8	11,770	10,973
Deposits		1,796	1,353
Fixed asset investments	9	1,796	1,353
Fixed assets		56,034	58,510
Inventories		551	1,390
Trade receivables		114,414	115,542
Contract work in progress	10	2,656	1,605
Receivables from group enterprises		169,183	72,540
Other receivables	15	28,372	12,037
Deferred tax asset	13	19,686	18,186
Prepayments	11	922	1,851
Receivables		335,233	221,761
Currents assets		335,784	223,151
Assets		391,818	281,661

Balance Sheet 30 September

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		500	500
Reserve for hedging transactions		-142	1,355
Retained earnings		86,682	27,223
Equity		87,040	29,078
Lease obligations		3,897	5,304
Prepayments received from customers		0	2,629
Payables to group enterprises relating to corporation tax		18,113	20,404
Other payables		0	3,442
Deferred income		58,245	38,893
Long-term debt	14	80,255	70,672
Lease obligations	14	6,093	5,182
Prepayments received from customers	14	10,479	8,285
Trade payables		49,662	62,367
Payables to group enterprises		36,126	1,782
Payables to group enterprises relating to corporation tax	14	20,549	16,708
Other payables	14	61,718	34,387
Deferred income	14,16	39,896	53,200
Short-term debt		224,523	181,911
Debt		304,778	252,583
Liabilities and equity		391,818	281,661
Subsequent events	20		
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	21		

Statement of Changes in Equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	500	1,355	48,492	50,347
Net effect from merger and acquisition under the booked equity method	0	0	2,771	2,771
Net effect of correction of material misstatements	0	0	-21,269	-21,269
Adjusted equity at 1 October	500	1,355	29,994	31,849
Fair value adjustment of hedging instruments, beginning of year	0	-1,355	0	-1,355
Fair value adjustment of hedging instruments, end of year	0	-564	0	-564
Tax on adjustment of hedging instruments for the year	0	422	0	422
Net profit/loss for the year	0	0	56,688	56,688
Equity at 30 September	500	-142	86,682	87,040

Notes to the Financial Statements

	<u>2019/20</u>	<u>2018/19</u>
	TDKK	TDKK
1 Revenue		
All sales are primarily on the Danish market		
Hardware, software and service	760,277	722,089
Own service consultancy	<u>116,162</u>	<u>93,960</u>
	<u>876,439</u>	<u>816,049</u>
2 Staff expenses		
Wages and salaries	116,950	96,403
Pensions	9,807	8,267
Other social security expenses	814	750
Other staff expenses	<u>6</u>	<u>2</u>
	<u>127,577</u>	<u>105,422</u>
Average number of employees	<u>135</u>	<u>111</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

In April 2019 the Capnor Connery Holdco Group introduced an incentive program for its management and key employees, under which the participants agrees to purchase shares in Capnor Connery HoldCoA/S, or its subsidiaries Capnor Connery MidCoA/S or Capnor Connery BidCoA/S. The shares acquired by the participants under the program comprise a combination of ordinary shares and preference shares. The preference shares have preference right to repayment of the amount invested plus dividends.

Under the program, the Group has a right, but not an obligation to repurchase all shares held by a participant if the employment is terminated. The shares may not be sold to a third party by the employees.

All shares acquired under the incentive programme are purchased by the participants at market terms. The consideration paid by the participants therefore corresponds to the fair value of the shares at the date of acquisition. Accordingly, no discount has been afforded to the participant. The employees has not received any abnormal privileges by acquiring the shares either.

The shareholder agreement remains in force and effect for 14 years or until an exit event occurs.

Notes to the Financial Statements

	2019/20 <u>TDKK</u>	2018/19 <u>TDKK</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	9,018	5,209
Depreciation of property, plant and equipment	<u>7,213</u>	<u>6,958</u>
	<u>16,231</u>	<u>12,167</u>
4 Financial income		
Interest received from group enterprises	4,240	4,666
Other financial income	<u>55</u>	<u>751</u>
	<u>4,295</u>	<u>5,417</u>
5 Financial expenses		
Interest paid to group enterprises	0	1,872
Other financial expenses	<u>4,833</u>	<u>1,593</u>
	<u>4,833</u>	<u>3,465</u>
6 Tax on profit/loss for the year		
Current tax for the year	18,680	20,404
Deferred tax for the year	<u>-1,500</u>	<u>-1,366</u>
	<u>17,180</u>	<u>19,038</u>

Notes to the Financial Statements

7 Intangible assets

	Acquired other similar rights TDKK	Goodwill TDKK
Cost at 1 October	19,355	43,916
Additions for the year	5,302	0
Cost at 30 September	<u>24,657</u>	<u>43,916</u>
Impairment losses and amortisation at 1 October	8,363	8,724
Amortisation for the year	6,820	2,198
Impairment losses and amortisation at 30 September	<u>15,183</u>	<u>10,922</u>
Carrying amount at 30 September	<u>9,474</u>	<u>32,994</u>
Amortised over	<u>3 years</u>	<u>20 years</u>

8 Property, plant and equipment

	Land and buildings TDKK	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 October	8,476	15,488
Additions for the year	2,958	5,052
Disposals for the year	0	-1,441
Cost at 30 September	<u>11,434</u>	<u>19,099</u>
Impairment losses and depreciation at 1 October	2,825	10,166
Depreciation for the year	3,081	4,132
Impairment and depreciation of sold assets for the year	0	-1,441
Impairment losses and depreciation at 30 September	<u>5,906</u>	<u>12,857</u>
Carrying amount at 30 September	<u>5,528</u>	<u>6,242</u>
Depreciated over	<u>1-13 years</u>	<u>3-5 years</u>
Including assets under finance leases amounting to	<u>5,528</u>	<u>4,212</u>

Notes to the Financial Statements

9 Fixed asset investments

	Deposits TDKK
Cost at 1 October	1,353
Additions for the year	443
Cost at 30 September	1,796
Carrying amount at 30 September	1,796

10 Contract work in progress

	2020 TDKK	2019 TDKK
Selling price of work in progress	3,115	1,951
Payments received on account	-459	-346
	2,656	1,605

11 Prepayments

Prepayments consist of prepaid expenses concerning Cisco products etc.

12 Distribution of profit

Retained earnings	56,688	63,244
	56,688	63,244

13 Deferred tax asset

Deferred tax asset at 1 October	18,186	-1,346
Amounts recognised in the income statement for the year	1,500	78
Adjustment prior year	0	19,454
Deferred tax asset at 30 September	19,686	18,186

Notes to the Financial Statements

14 Long-term debt

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

The debt falls due for payment as specified below:

	2020 TDKK	2019 TDKK
Lease obligations		
Between 1 and 5 years	3,897	5,304
Long-term part	3,897	5,304
Within 1 year	6,093	5,182
	9,990	10,486
Prepayments received from customers		
Between 1 and 5 years	0	2,629
Long-term part	0	2,629
Other prepayments from customers	10,479	8,285
	10,479	10,914
Payables to group enterprises relating to corporation tax		
Between 1 and 5 years	18,113	20,404
Long-term part	18,113	20,404
Within 1 year	20,549	16,708
	38,662	37,112
Other payables		
After 5 years	0	944
Between 1 and 5 years	0	2,498
Long-term part	0	3,442
Other short-term payables	61,718	34,387
	61,718	37,829
Deferred income		
Between 1 and 5 years	58,245	38,893
Long-term part	58,245	38,893
Within 1 year	39,896	53,200
	98,141	92,093

Notes to the Financial Statements

15 Derivative financial instruments

The Company's outstanding accounts in foreign currency and the related hedging transactions as per 30 September are as follows (DKK in thousands):

	<u>2020</u> TDKK	<u>2019</u> TDKK
USD 0-6 months	4,787	12,230

For currency hedging of the future purchase of goods in USD, the Company has entered into forward exchange contracts of a total TDKK 30.445. Compared to the forward price at the balance sheet date, the contracts have a fair value of approximately TDKK -563. The capital gain is recognized in the equity.

16 Deferred income

Deferred income consists of prepayments of service contract not recognized as revenue at the balance sheet.

17 Contingent assets, liabilities and other financial obligations

Other contingent liabilities

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

Notes to the Financial Statements

18 Related parties

Transactions

The Company did not carry out any transactions with related parties that were not concluded on market conditions. According to section 98(c)(7) of the Danish Financial Statements Act, only transactions that are not performed on market conditions are to be disclosed.

Ownership

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

Conscia A/S

Consolidated Financial Statements

The Company is included in the consolidated annual accounts for Conscia A/S and Capnor Connery Holdco A/S. The annual reports for 2019/20 for Conscia A/S and Capnor Connery Holdco A/S can be obtained from the Danish Business Authority.

<u>Name</u>	<u>Place of registered office</u>
Capnor Connery HoldCo A/S (Largest Group)	Brøndby, Denmark
Conscia A/S (Smallest Group)	Brøndby, Denmark

19 Fee to auditors appointed at the general meeting

The Company is included in the consolidated annual accounts for Capnor Connery HoldCo A/S, where the audit fee for the entire group is presented.

20 Subsequent events

As a subsequent event, Conscia Danmark A/S have acquired Net IT Service ApS. The company will be merged with Conscia Danmark A/S in the fiscal year 2021.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Conscia Danmark A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 are presented in TDKK.

Material errors relating to previous years

During the financial year Management noted that the deferred income related to kick-back bonuses attributable support services was underestimated in connection with the implementation of IFRS 15 in 2018/2019.

Therefore, correction has been made in the equity in the Financial Statements for 2019/2020 for the equity 1 October 2019 and 1 October 2018.

The comparative figures for 2018/2019 have been adjusted to align with the correction in equity, where the expenses for raw materials and consumables and profit before tax is negatively impacted by TDKK 6,562, the value of the Company's deferred income has increased correspondingly. The current year's tax is positively impacted by TDKK 1,444 and correspondingly deferred tax has decreased by the same. Net profit/loss for 2018/19 and equity 1 October 2019 is thereby negatively impacted by TDKK 5,118.

The equity at 1 October 2018 has been negatively impacted by TDKK 16,151 and deferred revenue have increased by TDKK 20,706. Furthermore, deferred tax is negatively impacted by TDKK 4,555.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Capnor Connery HoldCo A/S (Largest Group), the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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

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

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the booked equity method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The booked equity method is applied at the date of acquisition, and comparative figures have not been restated.

Translation policies

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

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

21 Accounting Policies (continued)

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

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

Income Statement

Revenue

Conscia Denmark A/S (Conscia) generates revenue from the sale of hardware, software, support services and consultancy services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Some contracts include multiple deliverables, such as the sale of hardware as well as the sale of software and support services. However, each deliverable is not integrated or interrelated with one another and could be performed by another party. Therefore, each deliverable is accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. The stand-alone selling prices of each performance obligation are always directly observable.

Conscia has concluded that it is the principal in its contracts with customers.

The customer contracts do in general not include any variable consideration in the form of volume rebates, customer bonuses or price concessions.

Notes to the Financial Statements

21 Accounting Policies (continued)

Revenue from the sale of hardware is recognised at the point in time when control of the hardware is transferred. This is generally on delivery of the hardware at the customer's location.

The software sold by the Conscia are characterised as granting the customer a right-to-use the intellectual property as the customer contracts for the sale of software do not require the company to undertake activities that significantly affect the license. The software sold by the company has a significant stand alone functionality and the customer is able to direct the use of, and obtain substantially all of the benefits from, the software at the time that control of the software is transferred to the customer. As such, revenue from the sale of software is recognised at the point in time when control of the software is transferred.

Revenue related to the sale of support services is recognised over the period in which the service is provided to the customer. Because the customer receives and consumes the benefits of the services provided as the company performs, the performance obligation is satisfied over time. Revenue is recognised on a straight-line basis.

The service periods varies between 1 to 5 years.

Revenue related to the sale of consultancy services is mostly derived through services with an hourly rate. Revenue generated from these contracts is recognised in the amount to which the company has a right to invoice which corresponds directly with the value to the customer of the company's performance to date. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Some contracts for consultancy services related to large projects have a fixed price. The revenue generated in relation to those contracts is recognised over time on the basis of hours incurred, or costs incurred, relative to the total expected costs.

In 2018/19 IFRS 15 was applied.

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise activities of the enterprise, including gains and losses on disposal of intangible and tangible fixed assets.

Staff expenses

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

The estimated financial life is based on the activity's unique commercial position and the employee's commercial and technical skills that are expected to be in use for at least 20 years.

Acquired other similar rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Property, plant and equipment

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Land and buildings	1-12 years
Other fixtures and fittings	3-5 years

Depreciation period and residual value are reassessed annually.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. 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- amounts expected to be payable by the lessee under residual value guarantees- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Lease liabilities are subsequently measured by increasing increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

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

Variable lease payments are recognised on a straight-line basis as an expense in profit or loss.

The Company has elected to recognise short-term leases and leases of low-value assets.

In 2018/19 IFRS 16 was applied.

Notes to the Financial Statements

21 Accounting Policies (continued)

Impairment of fixed assets

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

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

Fixed asset investments

Fixed asset investments consist of rent deposit.

Inventories

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

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

Receivables

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

Contract work in progress

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

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

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Prepayments

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

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

Deferred income

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA ratio	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
EBITDA normalized ratio	$\frac{\text{Normalized EBITDA} \times 100}{\text{Revenue}}$
Normalized cash EBITDA ratio	$\frac{\text{Normalized cash EBITDA} \times 100}{\text{Revenue}}$
EBITA ratio	$\frac{\text{EBITA} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$