Conscia Danmark A/S

Kirkebjerg Parkvej , 9, 2, DK-2605 Brøndby

Annual Report for
1 October 2021 - 30 September 2022

CVR No. 27 12 65 02

The Annual Report was presented and adopted at the Annual General Meeting of the company on 8/12 2022

Jacob Bryde Christensen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Conscia Danmark A/S for the financial year 1 October 2021 - 30 September 2022.

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 2022 of the Company and of the results of the Company operations for 2021/22.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Brøndby, 8 December 2022

Executive Board

Martin Rosenkrans Høyer
CEO

Board of Directors

Erik Gunnar Bertman Chairman	Jacob Bryde Christensen	Martin Rosenkrans Høyer

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 2022 and of the results of the Company´s operations for the financial year 1 October 2021 - 30 September 2022 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 2021 - 30 September 2022, 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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management’s Review

Management is responsible for Management’s Review.

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

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

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

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

Management’s responsibilities for the Financial Statements

Management is responsible for the preparation of 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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, 8 December 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Baunkjær Andersen	Jacob Dannefer
State Authorised Public Accountant	State Authorised Public Accountant
mne35483	mne47886

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 2021 - 30 September 2022 Incorporated: 16 April 2003 Financial year: 19th financial year Municipality of reg. office: Brøndby
Board of Directors	Erik Gunnar Bertman, chairman Jacob Bryde Christensen Martin Rosenkrans Høyer
Executive board	Martin Rosenkrans Høyer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,213,738	1,084,448	876,439	816,049	718,566
Gross profit/loss	300,749	282,537	218,214	197,919	184,332
EBITDA	123,221	97,175	90,637	92,497	76,798
EBITDA normalized*	123,628	119,975	92,829	92,497	79,499
EBITA	114,089	89,179	83,424	85,042	74,862
Profit/loss before financial income and expenses	108,387	79,954	74,406	80,330	71,368
Net financials	-6,307	647	-538	1,952	4,909
Net profit/loss	77,459	63,198	56,688	63,244	58,719
Balance sheet					
Balance sheet total	652,828	463,090	391,818	281,661	357,872
Investment in property, plant and equipment	9,661	8,807	8,010	-15,844	1,457
Equity	209,783	121,257	87,040	29,078	128,358
Number of employees	189	178	135	111	114
Ratios					
Gross margin	24.8%	26.1%	24.9%	24.3%	25.7%
Profit margin	8.9%	7.4%	8.5%	9.8%	9.9%
EBITDA ratio	10.2%	9.0%	10.3%	11.3%	10.7%
EBITDA normalized ratio	10.2%	11.1%	10.6%	11.3%	11.1%
EBITA ratio	9.4%	8.2%	9.5%	10.4%	10.4%
Return on assets	16.6%	17.3%	19.0%	28.5%	19.9%
Solvency ratio	32.1%	26.2%	22.2%	10.3%	35.9%
Return on equity	46.8%	60.7%	97.6%	80.3%	46.2%

* Normalized EBITDA is adjusted for non-recurring costs.

In 2018/19 the leasing (IFRS 16) and revenue recognition (IFRS 15) accounting policies were amended. The comparative figures have not been adjusted for the change of policy for the year 2017/18. Reference is made to the accounting policies.

In 2020/2021 Conscia Denmark A/S merged with NET IT Service A/S and Credocom A/S. The merges are accounted under the booked equity method. The figures for 2017/18 - 2019/20 figures have not been restated.

Management's review

Key activities

Conscia Danmark A/S (Conscia) provides secure IT solutions, consultancy, and services to some of the largest private enterprises and public-sector organizations in Denmark. Conscia's highly certified consultants deliver solutions within network infrastructure, data center, mobility, cloud, and security to our customers in strong partnerships with large international technology players such as Cisco, Palo Alto Networks, VMware, AWS and Microsoft. Conscia offers its unique, Cisco-awarded service concept CNS (Conscia Network Services) as well as security operations center services and managed services to our customers. We deliver high quality consultancy and solutions that safeguard our customers and ensure stable operations.

Conscia is a Cisco certified Gold Partner, VMware Principal Partner, and Palo Alto networks Diamond Partner. In addition, Conscia has partnerships with other vendors such as Infoblox. In 2022 Conscia was awarded "Partner of the year - Denmark" by Palo Alto Networks, and Cisco recognized Conscia Denmark with an award for "EMEAR, North and Danish Enterprise networking and Meraki partner of the year". In May 2022 Conscia Denmark also became the first company in Denmark to obtain a Cisco Environmental Sustainability Specialization.

Development in the year

Conscia Danmark A/S's EBITDA for 2021/2022 amounts to DKK 123 million compared to DKK 97 million for the same period in 2020/2021. Management considers the results for the year satisfactory.

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 (company. nr. 39018977) who has prepared a consolidated statement covering policies and activities across the group.

Data Ethics

It's important to Conscia that both our customers and employees feel comfortable and safe when entrusting us with their data. Conscia's primary purpose is not treatment of personal data but through our work with customers IT-infrastructure solutions and the services we provide we can with or without intention come across such information.
It's essential to Conscia that we comply with the General Data Protection Regulation and that our operations adhere to strict standards of information security in general.

The company do not have a specific policy for data ethics as our work with information security is covered by a Data Protection Manual that applies to all employees including managers, executive officers and the Board of Directors as well as the company's employee handbook which all employees are contractually obliged to comply to.

Conscia upholds ISO 27001 and ISAE 3402 certifications.

Gender composition of Board and executive management

The Board of Directors of Conscia Danmark A/S consisted of 3 people, all men, by 30 September 2022. It is Conscia's target that at least one woman is seated in the Board of Directors within 24 months. The target was not met in 2021/22 as one man left the Board of Directors and was replaced by another man who was considered the most qualified candidate.

It is Conscia's aim to attain a more balanced gender split in its leadership positions at all management levels. By the end of 2021/22, female workers constituted 16% of all employees and 10% of managers and team leads were women. The policy is to employ and promote the most qualified people, regardless of gender, and to give equal access to leadership positions to all qualified candidates. Despite an over-representation in the industry of the male gender, at least one female applicant must be invited to all job interviews, assuming qualified female applicants are available.

Conscia's continued effort in this regard includes, among others, raise of public awareness, collaborations with educational institutions and social events, just as the company generally seeks to promote an organizational culture where all employees respect each other as equals. Conscia recognizes its responsibility to help promote STEM educations towards female applicants and has thus launched a graduate program in 2022. We have hired two graduates in the new program one female and one male.

Risks

Conscia is exposed to uncertainties and risk factors, which may affect some or all 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 understands 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.

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 to ensure that a high level of security is always maintained. We also uphold an ISO 27001 and ISAE 3402 certification.

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 can continue the development of the Company's operations. Knowledge resources that may be of particular importance to the Company's future operations relate to being at the front edge of a wide range of services.

Unusual events

As in 2020/21 the result has been negatively impacted by longer delivery cycles on products linked to the global shortage of semiconductors.

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.

Outlook for 2022/2023

For 2022/23, Conscia expects to deliver growth in both revenue and normalized EBITDA.
This view is the most likely scenario. However, world events beyond the control of Conscia, such as the war in Ukraine, increased inflation and interest rates, have increased the risk of a European or Worldwide downturn. Conscia acknowledges that a negative development in the general business environment could impact Conscia's ability to deliver the expected results.

Conscia expects to generate revenue growth estimated at MDKK 1,219 - 1,301 in 2022/23. Furthermore, Conscia expects a normalized EBITDA growth at MDKK 130 - 138 in 2022/23.

Subsequent events

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

Income statement 1 October 2021 - 30 September 2022

	Note	2021/22	2020/21
		TDKK	TDKK
Revenue	1	1,213,738	1,084,448
Other operating income		1,815	0
Expenses for raw materials and consumables		-866,724	-759,766
Other external expenses		-48,080	-42,145
Gross profit		**300,749**	**282,537**
Staff expenses	2	-177,528	-185,362
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-14,834	-17,221
Profit/loss before financial income and expenses		**108,387**	**79,954**
Financial income	4	2,404	4,167
Financial expenses	5	-8,711	-3,520
Profit/loss before tax		**102,080**	**80,601**
Tax on profit/loss for the year	6	-24,621	-17,403
Net profit/loss for the year	7	**77,459**	**63,198**

Balance sheet 30 September 2022

Assets

	Note	2021/22	2020/21
		TDKK	TDKK
Acquired licenses		1,683	1,813
Acquired other similar rights		1,239	3,302
Goodwill		36,523	39,174
Intangible assets	8	**39,445**	**44,289**
Land and buildings		4,274	6,822
Other fixtures and fittings, tools and equipment		9,281	6,207
Property, plant and equipment	9	**13,555**	**13,029**
Deposits	10	1,813	1,807
Other receivables	10	12,119	1,890
Fixed asset investments		**13,932**	**3,697**
Fixed assets		**66,932**	**61,015**
Finished goods and goods for resale		42,962	14,372
Inventories		**42,962**	**14,372**
Trade receivables		275,081	198,361
Contract work in progress	11	3,720	3,003
Receivables from group enterprises		181,390	137,150
Other receivables	12	53,353	21,318
Deferred tax asset	13	18,932	23,079
Prepayments	14	10,458	4,792
Receivables		**542,934**	**387,703**
Current assets		**585,896**	**402,075**
Assets		**652,828**	**463,090**

Balance sheet 30 September 2022

Liabilities and equity

	Note	2021/22	2020/21
		TDKK	TDKK
Share capital		700	700
Reserve for hedging transactions		11,962	895
Retained earnings		162,121	119,662
Proposed dividend for the year		35,000	0
Equity		**209,783**	**121,257**
Lease obligations		3,665	4,572
Payables to group enterprises relating to corporation tax		23,473	20,780
Other payables		10,178	0
Deferred income		45,634	44,895
Long-term debt	15	**82,950**	**70,247**
Lease obligations	15	6,546	5,474
Prepayments received from customers		13,518	12,297
Trade payables		169,589	89,623
Payables to group enterprises		35,567	36,139
Payables to group enterprises relating to corporation tax		20,598	14,178
Other payables	15, 12	58,944	56,376
Deferred income	16	55,333	57,499
Short-term debt		**360,095**	**271,586**
Debt		**443,045**	**341,833**
Liabilities and equity		**652,828**	**463,090**

	Note
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Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	700	895	119,662	0	121,257
Fair value adjustment of hedging instruments, beginning of year	0	-765	0	0	-765
Fair value adjustment of hedging instruments, end of year	0	14,954	0	0	14,954
Tax on adjustment of hedging instruments for the year	0	-3,122	0	0	-3,122
Net profit/loss for the year	0	0	42,459	35,000	77,459
Equity at 30 September	**700**	**11,962**	**162,121**	**35,000**	**209,783**

Notes to the Financial Statements

	2021/22	2020/21
	TDKK	TDKK

1. Revenue

	2021/22	2020/21
All sales are primarily on the Danish market		
Services	993,566	853,749
Solutions	220,172	230,699
	1,213,738	**1,084,448**

	2021/22	2020/21
	TDKK	TDKK

2. Staff Expenses

	2021/22	2020/21
Wages and salaries	161,740	170,662
Pensions	14,318	13,631
Other social security expenses	1,470	1,069
	177,528	**185,362**
Average number of employees	**189**	**178**

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

In 2019 the Capnor Connery Holdco Group introduced an incentive program for its Executive Board and key employees, under which the participants agree to purchase shares in Capnor Connery HoldCo A/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 dividend according to the the shareholder agreement.

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 participants has not received any abnormal privileges by acquiring the shares either.

The shareholder agreement remains in force and effect for 12 years or until an exit event occurs.

Notes to the Financial Statements

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

	2021/22	2020/21
	TDKK	TDKK
Amortisation of intangible assets	5,700	9,225
Depreciation of property, plant and equipment	9,134	7,996
	14,834	**17,221**

4. Financial income

	2021/22	2020/21
	TDKK	TDKK
Interest received from group enterprises	2,404	4,090
Other financial income	0	77
	2,404	**4,167**

5. Financial expenses

	2021/22	2020/21
	TDKK	TDKK
Interest paid to group enterprises	3,437	2,214
Other financial expenses	870	1,306
Exchange adjustments, expenses	4,404	0
	8,711	**3,520**

Notes to the Financial Statements

6. Income tax expense

	2021/22	2020/21
	TDKK	TDKK
Current tax for the year	23,472	20,632
Deferred tax for the year	3,696	-418
Adjustment of tax concerning previous years	124	-529
Adjustment of deferred tax concerning previous years	451	-1,990
	27,743	**17,695**
thus distributed:		
Income tax expense	24,621	17,403
Tax on equity movements	3,122	292
	27,743	**17,695**

7. Profit allocation

	2021/22	2020/21
	TDKK	TDKK
Extraordinary dividend paid	0	40,000
Proposed dividend for the year	35,000	0
Retained earnings	42,459	23,198
	77,459	**63,198**

Notes to the Financial Statements

8. Intangible fixed assets

	Acquired licenses	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 October	1,943	24,657	53,019
Additions for the year	0	856	0
Cost at 30 September	1,943	25,513	53,019
Impairment losses and amortisation at 1 October	130	21,355	13,845
Amortisation for the year	130	2,919	2,651
Impairment losses and amortisation at 30 September	260	24,274	16,496
Carrying amount at 30 September	**1,683**	**1,239**	**36,523**
Amortised over	15 years	3 years	20 years

Notes to the Financial Statements

9. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 October	16,193	21,515
Additions for the year	1,044	8,616
Disposals for the year	-190	-5,733
Cost at 30 September	17,047	24,398
Impairment losses and depreciation at 1 October	9,371	15,308
Depreciation for the year	3,592	5,542
Reversal of impairment and depreciation of sold assets	-190	-5,733
Impairment losses and depreciation at 30 September	12,773	15,117
Carrying amount at 30 September	**4,274**	**9,281**
Amortised over	1-13 years	1-5 years
Including assets under finance leases amounting to	9,990	6,822
Interest expenses recognised as part of cost	324	300

10. Other fixed asset investments

	Deposits	Other receivables
	TDKK	TDKK
Cost at 1 October	1,807	1,890
Additions for the year	6	10,229
Cost at 30 September	1,813	12,119
Carrying amount at 30 September	**1,813**	**12,119**

Notes to the Financial Statements

	2021/22	2020/21
	TDKK	TDKK

11. Contract work in progress

	2021/22	2020/21
Selling price of work in progress	6,491	4,886
Payments received on account	-2,771	-1,883
	3,720	**3,003**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3,720	3,003
	3,720	**3,003**

12. Derivative financial instruments

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

	2021/22	2020/21
	TDKK	TDKK
USD 0-6 months	32,890	6,857

	2021/22	2020/21
	TDKK	TDKK

13. Deferred tax asset

	2021/22	2020/21
Deferred tax asset at 1 October	23,079	19,686
Adjustment related to business combinations and merger	0	2,683
Adjustment prior year	-451	0
Amounts recognised in the income statement for the year	-3,696	710
Deferred tax asset at 30 September	**18,932**	**23,079**

14. Prepayments

Prepayments consist of prepaid expenses concerning Cisco products etc.

Notes to the Financial Statements

15. 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:

	2021/22	2020/21
	TDKK	TDKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	3,665	4,572
Long-term part	3,665	4,572
Within 1 year	6,546	5,474
	10,211	**10,046**
Payables to group enterprises relating to corporation tax		
Between 1 and 5 years	23,473	20,780
Long-term part	23,473	20,780
Within 1 year	20,598	14,178
	44,071	**34,958**
Other payables		
After 5 years	0	0
Between 1 and 5 years	10,178	0
Long-term part	10,178	0
Within 1 year	0	0
Other short-term payables	58,944	56,376
	69,122	**56,376**
Deferred income		
After 5 years	199	254
Between 1 and 5 years	45,435	44,641
Long-term part	45,634	44,895
Within 1 year	55,333	57,499
Short-term part	55,333	57,499
	100,967	**102,394**

Notes to the Financial Statements

16. Deferred income

Deferred income is deferred revenue in accordance with IFRS 15 and consist of deferred service subscriptions and kick-back.

17. Contingent assets, liabilities and other financial obligations

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.

18. Related parties and disclosure of consolidated financial statements

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 shareholders are 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 2020/21 for Conscia A/S and Capnor Connery Holdco A/S can be obtained from the Danish Business Authority.

Name	Place of registered office
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.

Notes to the Financial Statements

20. Accounting policies

The Annual Report of Conscia Danmark A/S for 2021/22 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 2021/22 are presented in TDKK.

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 Company), 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.

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

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Pooling of interests

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 first day in the accounting year, and comparative figures have not been restated.

Leases

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

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

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

Translation policies

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

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

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

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.

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 the fair value reserve 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.

Segment information on revenue

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

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income statement

Net sales

Revenue from contracts with customers

The Company generates revenue from the sale of hardware, software, support services, and consultancy services. Revenue from contracts with customers is recognized 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 consultancy services. Management assesses whether each deliverable is distinct. If the Company provides a significant service of integrating the hardware and software, the deliverables are treated as one performance obligation. If on the other hand, the customer could benefit separately from each derivable, each derivable is treated as a separate performance obligation. 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.

The Company has concluded that it is the principal in its contracts with customers. Further details regarding this judgement have been provided below in section "Recognizing revenue as a principal"

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

Revenue from the sale of software and hardware

The software sold by the Company are characterized as granting the customer a right-to-use the intellectual property as the customer contracts for the sale of software does not require the Company to undertake activities that significantly affect the license. Hardware is operational only with specific software and generally software and hardware are sold together . Due to the interdependency between the software and hardware, the software and the hardware is considered one performance obligation. Revenue is recognized upon delivery.

Revenue from the sale of support services

Revenue related to the sale of support services is recognized 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 recognized on a straight-line basis.

The service periods vary between 1 to 5 years.

Consultancy services

Revenue related to the sale of consultancy services is mostly derived through services with an hourly rate. Revenue generated from these contracts is recognized 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 monthly 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 recognized over time based on hours incurred, or costs incurred, relative to the total expected costs (production of completion method).

Identification of performance obligations for hardware, -software sale and related consultancy services

Management has applied judgment in determining whether a contract for the sale of software, hardware and consultancy services to design a network solution comprises one or more performance obligations. It is Management’s assessment that due to the interdependency between the hardware and the related software, these elements are not separable within the context of the contract. Consequently, the hardware and the related software is treated as one performance obligation. Consultancy services are considered a separate performance obligation due to the fact that another partner of the hardware and software manufacturer would have the practical ability to design the network solution comprising the hardware and software doe.

Recognizing revenue as a principal

The Company has concluded that it is the principal in satisfying the performance obligations in all its contracts with customers. As a result, the Company recognizes revenue on a gross basis.

In determining that the Company acts a principal (rather than an agent) in satisfying its performance obligations, the Company has considered the nature of its promises with its customers

Management has assessed that the Company acts as a principle mainly due to the following circumstances:

- the Company is primarily responsible for fulfilling the promise to provide the specified good or service; and
- the Company has discretion in establishing the prices for the specified goods or services.

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 intagible and tangible fixed assets.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including management fees.

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 deferred tax for the year. The tax attributable to the profit for 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 with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed 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 year.

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

Acquried other similer 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.

Customer contracts acquired through business combinations are recognised at fair value at the acqusition date. Customer contracts s amortised on a straight-line basis over its useful life, which is assessed at 15 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.

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, tools and equipment	1-5 years

The fixed assets' residual values are determined at nil.

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.

Impairment of fixed assets

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

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

Other fixed asset investments

Fixed asset investments consist of deposits.

Inventories

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

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

Receivables

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

Contract work in progress

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

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

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

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

Notes to the Financial Statements

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

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

Deferred income

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
EBITDA ratio	EBITDA x 100 / Revenue
EBITDA normalized ratio	Normalized EBITDA x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity