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GAVDI GROUP A/S

Lyngbyvej 2, 1.
2100 København Ø
CVR No. 29799644

Annual report 2022

The Annual General Meeting adopted the annual report on 26.06.2023

Jeffrey Bruun
Chairman of the General Meeting

Contents

Entity details

Entity

GAVDI GROUP A/S
Lyngbyvej 2, 1.
2100 København Ø

Business Registration No.: 29799644
Registered office: København
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Lars Steffen Knudsen, Chairman
Lise Hedegaard Koppelhus
Søren Koppelhus

Executive Board

Søren Koppelhus, CEO
Jeffrey Bruun, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of GAVDI GROUP A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 26.06.2023

Executive Board

Søren Koppelhus
CEO

Jeffrey Bruun
CFO

Board of Directors

Lars Steffen Knudsen
Chairman

Lise Hedegaard Koppelhus

Søren Koppelhus

Independent auditor's report

To the shareholders of GAVDI GROUP A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of GAVDI GROUP A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity's internal control.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 26.06.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	235,440	226,955	214,884	248,156	218,949
Gross profit/loss	159,870	159,893	146,840	168,940	159,414
Operating profit/loss	15,018	21,181	16,753	9,220	6,856
Net financials	1,040	521	1,756	1,253	1,608
Profit/loss for the year	14,426	18,011	16,136	7,241	5,747
Profit for the year excl. minority interests	11,532	13,791	10,960	3,466	2,379
Balance sheet total	146,536	149,435	144,158	152,500	142,966
Investments in property, plant and equipment	542	1,294	2,216	164	1,846
Equity	85,377	80,085	72,768	67,820	65,236
Equity excl. minority interests	77,370	68,199	61,140	50,987	47,616
Cash flows from operating activities	6,945	17,296	15,903	15,986	10,093
Cash flows from investing activities	(423)	(1,305)	2,249	(6,025)	(2,936)
Cash flows from financing activities	(11,308)	(12,430)	(6,986)	(1,301)	(7,205)
Average number of employees	255	242	225	278	260
Ratios					
Gross margin (%)	67.90	70.45	68.33	68.08	72.81
Operating margin (%)	6.34	9.33	7.80	3.72	3.13
Net margin (%)	6.13	7.94	7.51	2.92	2.62
Return on equity (%)	15.84	21.33	19.55	7.03	5.11
Equity ratio (%)	52.80	45.64	42.41	33.43	33.31

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Operating margin (%):
Operating profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss for the year excl. minority interests * 100
Average equity excl. minority interests

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

Gavdi Group A/S is the holding company of the Gavdi Group's Danish and foreign companies. The Gavdi companies supply advisory, implementation, technology and support services related to the people solutions from SAP including SAP HCM, SuccessFactors and SAP Concur.

Management and technology areas

Per first of January 2022 Init Incentive ApS has been merged into Gavdi Group A/S. In the late part of 2022 Gavdi Norge A/S has been dissolved and the Norwegian market is now supported by other Gavdi Group entities, mainly Gavdi A/S and Gavdi Sverige AB.

Gavdi Group A/S has majority interests in twelve companies all operating under the Gavdi brand in EMEA with the exception of PXMSOFT A/S a company developing software with enhanced functionality to existing SAP products.

Development in activities and finances

Financial review - Parent

2022 became yet another difficult year, with the end of the Covid-19 pandemic, being replaced by financial disturbance and inflation as consequences of the war in Ukraine. This impacted revenue and profit negatively as a number of customers either delayed decisions or put their investment on pause during first half of 2022.

Income from investment in Group entities decreased from MDKK 13,1 mill in 2021 to MDKK 10.2 in 2022.

The income statement for 2022 shows a net result of MDKK 11.5 and balance sheet at 31 December 2022 shows total equity of MDKK 77.4.

Financial review - Group

Group's revenue for 2022, MDKK 235.4, increase with 3,7 % compared to 2021.Growth is mainly realized within implementation services and own developed products and with a small decrease in delivered support services. Services based on Cloud technology has also in 2022 been the largest contributor to growth within Gavdi Group.

Operating profit decreased with MDKK 6.2 to MDKK 15.0 mainly due to an decreased Gross margin with 2.6% and EBIT margin ends up in 7.5%. Core reason was lower utilization combined with increasing costs including salaries.

Net result for 2022 ends with MDKK 14.4 and balance sheet at 31 December 2022 shows total equity of MDKK 85.4.

Operating review
Even with a war in Europe breaking out end of February 2022 providing overall uncertainties about security and market conditions and hereby customers holding back in doing IT investments Gavdi Group grew its overall revenue with 3,7 % for 2022. It is however with some deviations within the different market units and dilemmas around capacity planning during spring and summer due to postponement of signed projects had an immediate effect on operation and financial performance during this period.

Gavdi Group continues to experience a high degree of interest of our own developed products that also led to higher revenue for 2022.

Gavdi Group excluding Gavdi Polska S.A. has in spring 2022 been awarded with a ISO 27002 certificate and together with other certificates obtained shows Gavdi´s overall continued commitment to secure a high quality around its processes and data security.

Our SAP partnership is essential and works well and we considered one of the most important partners, not only in Denmark but in all the markets we are present in.

Management is satisfied with the development based on the availability to increase revenue and continue to secure reasonable profitability under difficult and fast changing market conditions.

Profit/loss for the year in relation to expected developments
Gavdi Group was just below its goals in terms of revenue growth but within the range of 2022 guidance for profit margin.

Outlook
Due to more stable conditions in Europe and based on present knowledge management expect increased revenue of 4-6% and an EBIT margin within the interval of 9-11%.

Use of financial instruments
Management considers the company's risk exposure still to be medium in the present environment, due to continues war in Europe, high inflation and increasing interest rates. Risk areas are mainly related to how further escalation of the war in Ukraine can impact general economy, inflation not been managed and general economy going into recession. All these elements can have an immediate effect on our customers daily business, profitability and willingness for investments.

Management continues to monitor the situation and will quickly take needed measures if situation is developing in wrong direction. Except for this the group is not exposed to any risks other than those that are usual for the sector. The group has a moderate currency exposure, but as this is mainly related to currencies that are pegged to the euro, management does not find additional hedging required.

Knowledge resources
Considering its employees to be its most important asset and sustaining and strengthening competences to be crucial to its ongoing development, the company works continuously to offer relevant training and career development to maintain Gavdi Group's position as an attractive and innovative workplace characterized by a high competence level, diversity and inclusion. Gavdi Group has during and continued post Covid pandemic established more flexible working conditions with a working culture with well-established IT infrastructure allowing to work from home in an efficient way.

Environmental performance

The Group does not impact the external environment significantly.

Events after the balance sheet date

No events have occurred after the financial year end which could significantly affect the company's financial position at 31 December 2022.

Parent treasury shares

	Number	Nominal value DKK	Share of contributed capital %
Gavdi Holding A/S	26	26,000	4.42
Holding of treasury shares	**26**	**26,000**	**4.42**

Gavdi Group A/S has acquired shares in the parent company, Gavdi Holding A/S. The treasury shares were acquired to make the company able to plan incentive programs for key employees in the group.

Consolidated income statement for 2022

	Notes	2022 DKK	2021 DKK
Revenue		235,439,572	226,955,003
Other operating income		172,876	1,040,674
Other external expenses		(75,742,861)	(68,102,807)
Gross profit/loss		**159,869,587**	**159,892,870**
Staff costs	2	(143,096,271)	(135,817,198)
Depreciation, amortisation and impairment losses	3	(1,755,698)	(2,894,646)
Operating profit/loss		**15,017,618**	**21,181,026**
Other financial income	4	2,649,538	3,498,341
Other financial expenses	5	(1,609,123)	(2,977,661)
Profit/loss before tax		**16,058,033**	**21,701,706**
Tax on profit/loss for the year	6	(1,632,439)	(3,690,322)
Profit/loss for the year	7	**14,425,594**	**18,011,384**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	9	105,224	535,299
Goodwill		1,305,289	778,335
Intangible assets	8	**1,410,513**	**1,313,634**
Other fixtures and fittings, tools and equipment		2,502,782	3,100,378
Property, plant and equipment	10	**2,502,782**	**3,100,378**
Other investments		3,768,115	3,768,115
Other receivables		1,940,719	1,734,730
Financial assets	11	**5,708,834**	**5,502,845**
Fixed assets		**9,622,129**	**9,916,857**
Trade receivables		50,296,470	55,129,109
Contract work in progress		9,115,628	4,740,670
Receivables from group enterprises	12	44,502,093	43,276,053
Deferred tax	13	1,331,355	1,767,894
Other receivables		2,794,216	2,263,812
Tax receivable		1,604,401	0
Prepayments	14	1,329,073	1,065,599
Receivables		**110,973,236**	**108,243,137**
Cash		**25,940,568**	**31,274,587**
Current assets		**136,913,804**	**139,517,724**
Assets		**146,535,933**	**149,434,581**

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	15, 16	513,111	501,000
Reserve for net revaluation according to equity method		0	82,931
Reserve for development costs		0	278,791
Other reserves		3,768,115	3,768,115
Retained earnings		70,089,184	59,568,389
Proposed dividend for the financial year		3,000,000	4,000,000
Equity belonging to Parent's shareholders		**77,370,410**	**68,199,226**
Equity belonging to minority interests		**8,006,217**	**11,886,054**
Equity		**85,376,627**	**80,085,280**
Debt to other credit institutions		1,098,126	2,393,799
Other payables		4,134,108	4,315,158
Non-current liabilities other than provisions	17	**5,232,234**	**6,708,957**
Current portion of non-current liabilities other than provisions	17	1,100,996	906,319
Bank loans		3,375,466	1,512,262
Contract work in progress		2,761,914	4,658,122
Trade payables		14,114,620	12,938,741
Payables to owners and management		180,406	695,713
Tax payable		144,984	2,235,541
Other payables		18,641,857	23,380,360
Deferred income	18	15,606,829	16,313,286
Current liabilities other than provisions		**55,927,072**	**62,640,344**
Liabilities other than provisions		**61,159,306**	**69,349,301**
Equity and liabilities		**146,535,933**	**149,434,581**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	20		
Assets charged and collateral	21		
Transactions with related parties	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to equity method DKK	Reserve for development costs DKK	Other reserves DKK	Retained earnings DKK
Equity beginning of year	501,000	82,931	278,791	3,768,115	59,568,389
Effect of divestments of entities etc.	0	0	0	0	0
Difference on application of the uniting-of-interests method	0	0	0	0	108,142
Increase of capital	12,111	0	0	0	1,927,724
Ordinary dividend paid	0	0	0	0	0
Exchange rate adjustments	0	0	0	0	(408,733)
Transfer to reserves	0	(82,931)	(278,791)	0	361,722
Profit/loss for the year	0	0	0	0	8,531,940
Equity end of year	**513,111**	**0**	**0**	**3,768,115**	**70,089,184**

	Proposed dividend for the financial year DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	4,000,000	68,199,226	11,886,054	80,085,280
Effect of divestments of entities etc.	0	0	(2,865,032)	(2,865,032)
Difference on application of the uniting-of-interests method	0	108,142	0	108,142
Increase of capital	0	1,939,835	0	1,939,835
Ordinary dividend paid	(4,000,000)	(4,000,000)	(3,769,538)	(7,769,538)
Exchange rate adjustments	0	(408,733)	(138,921)	(547,654)
Transfer to reserves	0	0	0	0
Profit/loss for the year	3,000,000	11,531,940	2,893,654	14,425,594
Equity end of year	**3,000,000**	**77,370,410**	**8,006,217**	**85,376,627**

Consolidated cash flow statement for 2022

	Notes	2022 DKK	2021 DKK
Operating profit/loss		15,017,618	21,181,026
Amortisation, depreciation and impairment losses		1,846,520	2,894,646
Other provisions		0	(275,000)
Working capital changes	19	(6,472,307)	(3,937,550)
Cash flow from ordinary operating activities		**10,391,831**	**19,863,122**
Financial income received		1,915,219	3,878,387
Financial expenses paid		(475,656)	(2,977,660)
Taxes refunded/(paid)		(4,886,421)	(3,467,772)
Cash flows from operating activities		**6,944,973**	**17,296,077**
Acquisition etc. of property, plant and equipment		(541,981)	(1,304,905)
Sale of property, plant and equipment		118,961	0
Cash flows from investing activities		**(423,020)**	**(1,304,905)**
Free cash flows generated from operations and investments before financing		**6,521,953**	**15,991,172**
Repayments of loans etc.		(1,100,996)	(908,697)
Dividend paid		(7,769,538)	(10,201,464)
Payments to owners and shareholders		(515,307)	(575,112)
Acquisition of minorities		(1,741,427)	(354,214)
Other cash flows from financing activities		(181,050)	(390,432)
Cash flows from financing activities		**(11,308,318)**	**(12,429,919)**
Increase/decrease in cash and cash equivalents		**(4,786,365)**	**3,561,253**
Cash and cash equivalents beginning of year		31,274,587	27,852,190
Currency translation adjustments of cash and cash equivalents		(547,654)	(138,856)
Cash and cash equivalents end of year		**25,940,568**	**31,274,587**

Cash and cash equivalents at year-end are composed of:

Cash	25,940,568	31,274,587
Cash and cash equivalents end of year	**25,940,568**	**31,274,587**

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	130,046,213	124,255,351
Pension costs	7,463,389	7,129,703
Other social security costs	4,376,730	3,702,186
Other staff costs	1,209,939	729,958
	143,096,271	**135,817,198**

Average number of full-time employees	**255**	**242**

	Remuneration of management 2022 DKK	Remuneration of management 2021 DKK
Executive Board	2,916,000	2,819,000
	2,916,000	**2,819,000**

3 Depreciation, amortisation and impairment losses

	2022 DKK	2021 DKK
Amortisation of intangible assets	791,859	1,633,399
Depreciation on property, plant and equipment	1,054,661	1,261,247
Profit/loss from sale of intangible assets and property, plant and equipment	(90,822)	0
	1,755,698	**2,894,646**

4 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	1,468,000	1,447,000
Other interest income	322,918	0
Exchange rate adjustments	734,319	1,936,375
Other financial income	124,301	114,966
	2,649,538	**3,498,341**

5 Other financial expenses

	2022 DKK	2021 DKK
Financial expenses from group enterprises	18,000	114,256
Other interest expenses	203,049	0
Exchange rate adjustments	1,133,467	2,556,077
Other financial expenses	254,607	307,328
	1,609,123	**2,977,661**

6 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	1,191,463	4,078,788
Change in deferred tax	436,539	(388,466)
Adjustment concerning previous years	4,437	0
	1,632,439	**3,690,322**

7 Proposed distribution of profit/loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	3,000,000	4,000,000
Extraordinary dividend distributed in the financial year	0	3,400,000
Retained earnings	8,531,940	6,042,023
Minority interests' share of profit/loss	2,893,654	4,569,361
	14,425,594	**18,011,384**

8 Intangible assets

	Completed development projects DKK	Goodwill DKK
Cost beginning of year	36,933,534	7,930,280
Additions	5,272	883,447
Cost end of year	**36,938,806**	**8,813,727**
Amortisation and impairment losses beginning of year	(36,398,235)	(7,151,926)
Amortisation for the year	(435,347)	(356,512)
Amortisation and impairment losses end of year	**(36,833,582)**	**(7,508,438)**
Carrying amount end of year	**105,224**	**1,305,289**

9 Development projects

The groups development projects relate to the development and improvement of the groups technology that is incorporated in exsisting and future product portfolio.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	6,303,299
Exchange rate adjustments	(97,693)
Additions	541,981
Disposals	(398,477)
Cost end of year	**6,349,110**
Depreciation and impairment losses beginning of year	(3,202,919)
Exchange rate adjustments	40,914
Depreciation for the year	(1,054,661)
Reversal regarding disposals	370,338
Depreciation and impairment losses end of year	**(3,846,328)**
Carrying amount end of year	**2,502,782**

11 Financial assets

	Other investments DKK	Other receivables DKK
Cost beginning of year	3,768,115	1,734,730
Additions	0	205,989
Cost end of year	**3,768,115**	**1,940,719**
Carrying amount end of year	**3,768,115**	**1,940,719**

12 Receivables from group enterprises

Receivables from group enterprises in all material respects fall due after more than 12 months from the balance sheet date.

13 Deferred tax

	2021 DKK
Intangible assets	149,027
Property, plant and equipment	1,182,328
Deferred tax	**1,331,355**

Changes during the year	2022 DKK	2021 DKK
Beginning of year	1,767,894	1,379,428
Recognised in the income statement	(436,539)	388,466
End of year	**1,331,355**	**1,767,894**

Deferred tax assets
As per 31 December 2022 the company has recognized a deferred tax asset with a carrying amount of DKK 1,331,355. On basis of the expectations for the next 1-3 years, Management expects the taxable profit to be sufficient enough to use the deferred tax asset.

14 Prepayments

Prepayments consists of insurance, subscriptions fees etc.

15 Contributed capital

	Number	Par value DKK	Nominal value DKK
A-shares	30,000,000	0.01	300,000
B-shares	21,311,051	0.01	213,111
	51,311,051		**513,111**

The parent 's share capital has remained DKK 501,000 over the past 5 years, however 28.12.2022 a capital raise of nominal 12.111 was made. After the capital raise, the share capital amounts to 513,111.

A tax-free merger with the previous subsidiary INIT Incentive ApS was carried through-out the year. The merger is carried out with accounting retroactive effect as per 01.01.2022. The minority shareholders have been compensated with shares in Gavdi Group for a capital increase of a total of DKK 1,939,835.

16 Treasury shares

	Number	Nominal value DKK	Share of contributed capital %
Gavdi Holding A/S	26	26,000	4.42
Holding of treasury shares	**26**	**26,000**	**4.42**

Gavdi Group A/S has acquired shares in the parent company, Gavdei Holding A/S. The treasury shares were acquired to make the company able to plan incentive programs for key employees in the group.

17 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Debt to other credit institutions	1,100,996	906,319	1,098,126	0
Other payables	0	0	4,134,108	4,134,108
	1,100,996	**906,319**	**5,232,234**	**4,134,108**

18 Deferred income

Deferred income comprises payments relating to sales that are not recognised as income until in the subsequent financial year, when the recognition criteria are satisfied.

19 Changes in working capital

	2022 DKK	2021 DKK
Increase/decrease in receivables	(3,369,236)	(3,472,578)
Increase/decrease in trade payables etc.	(5,540,127)	(3,717,322)
Other changes	2,437,056	3,252,350
	(6,472,307)	**(3,937,550)**

20 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Total liabilities under rental or lease agreements until maturity	**8,861,222**	**8,595,518**

21 Assets charged and collateral

As security for bank debt , DKK 3,375,466 Gavdi A/S has granted a charge on assets representing a nominal value of DKK 12,000,000. The charge comprises trade receivables at a carrying amount of DKK 18,862,774.

22 Transactions with related parties

	Parent DKK
Management fee	4,200,000

In addition, receivables and payables to other group entities and Management is presented in the balance sheet and the related interests are presented in note 4 and 5.

Information on the remuneration to management is presented in note 2, staff costs. Total remunation to executive board and board of directors amounts to 4.795.000 DKK for 2022 and 4.647.991 DKK for 2021 (Including remunation for non-management services).

23 Subsidiaries

	Registered in	Ownership %
Gavdi A/S	København, DK	100.00
PXMsoft A/S	København, DK	100.00
Gavdi Management A/S	København, DK	100.00
Gavdi Sverige AB	Kista, SE	84.00
Gavdi Polska S.A.	Warszawa, PL	54.50
Gavdi Finland Oy	Espoo, FI	100.00
Gavdi UK Ltd.	London, UK	100.00
Gavdi Deutschland GmbH	Walldort, DE	100.00
Gavdi MEA FZ-LLC	Dubai, UAE	100.00
Gavdi Ireland Ltd.	Dublin, IE	100.00
Gavdi Portugal Unipenssoal LDA	Lisboa, PT	100.00
Gavdi BV	Amsterdam, NL	100.00

Parent income statement for 2022

	Notes	2022 DKK	2021 DKK
Other external expenses		(177,172)	(368,495)
Gross profit/loss		**(177,172)**	**(368,495)**
Income from investments in group enterprises		10,159,553	13,081,282
Other financial income	2	1,523,889	1,985,125
Other financial expenses	3	(396,461)	(1,186,568)
Profit/loss before tax		**11,109,809**	**13,511,344**
Tax on profit/loss for the year	4	422,131	(69,321)
Profit/loss for the year	5	**11,531,940**	**13,442,023**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Goodwill		0	0
Intangible assets	6	**0**	**0**
Investments in group enterprises		88,029,058	77,073,606
Other investments		3,768,115	3,768,115
Financial assets	7	**91,797,173**	**80,841,721**
Fixed assets		**91,797,173**	**80,841,721**
Receivables from group enterprises		3,350,530	4,050,701
Other receivables		0	1,119,997
Tax receivable		453,805	25,292
Receivables		**3,804,335**	**5,195,990**
Cash		**2,758,527**	**2,994,906**
Current assets		**6,562,862**	**8,190,896**
Assets		**98,360,035**	**89,032,617**

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		513,111	501,000
Reserve for net revaluation according to equity method		37,917,631	25,706,149
Other reserves		3,768,115	3,768,115
Retained earnings		32,171,553	34,223,963
Proposed dividend for the financial year		3,000,000	4,000,000
Equity		**77,370,410**	**68,199,227**
Provisions for investments in group enterprises	8	976,046	9,261,652
Provisions		**976,046**	**9,261,652**
Trade payables		85,419	64,989
Payables to group enterprises		19,928,160	11,437,428
Tax payable		0	69,321
Current liabilities other than provisions		**20,013,579**	**11,571,738**
Liabilities other than provisions		**20,013,579**	**11,571,738**
Equity and liabilities		**98,360,035**	**89,032,617**
Events after the balance sheet date	1		
Employees	9		
Contingent liabilities	10		
Related parties with controlling interest	11		
Transactions with related parties	12		

Parent statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Other reserves DKK	Retained earnings DKK	Proposed dividend for the year DKK
Equity beginning of year	501,000	25,706,149	3,768,115	34,223,963	4,000,000
Difference on apther plication of the uniting-of-interests method	0	0	0	108,142	0
Increase of capital	12,111	0	0	1,927,724	0
Ordinary dividend paid	0	0	0	0	(4,000,000)
Exchange rate adjustments	0	0	0	(408,734)	0
Other entries on equity	0	12,211,482	0	(12,211,482)	0
Profit/loss for the year	0	0	0	8,531,940	3,000,000
Equity end of year	**513,111**	**37,917,631**	**3,768,115**	**32,171,553**	**3,000,000**

	Total DKK
Equity beginning of year	68,199,227
Difference on apther plication of the uniting-of-interests method	108,142
Increase of capital	1,939,835
Ordinary dividend paid	(4,000,000)
Exchange rate adjustments	(408,734)
Other entries on equity	0
Profit/loss for the year	11,531,940
Equity end of year	**77,370,410**

A tax-free merger with the previous subsidiary INIT Incentive ApS was carried through-out the year. The merger is carried out with accounting retroactive effect as per 01.01.2022. The minority shareholders have been compensated with shares in Gavdi Group for a capital increase of a total of DKK 1,939,835.

Notes to parent financial statements

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	1,224,323	1,423,498
Exchange rate adjustments	175,756	446,661
Other financial income	123,810	114,966
	1,523,889	**1,985,125**

3 Other financial expenses

	2022 DKK	2021 DKK
Financial expenses from group enterprises	294,314	251,557
Exchange rate adjustments	102,147	935,011
	396,461	**1,186,568**

4 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	(426,568)	69,321
Adjustment concerning previous years	4,437	0
	(422,131)	**69,321**

5 Proposed distribution of profit and loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	3,000,000	4,000,000
Extraordinary dividend distributed in the financial year	0	3,400,000
Retained earnings	8,531,940	6,042,023
	11,531,940	**13,442,023**

6 Intangible assets

	Goodwill DKK
Cost beginning of year	(3,338,990)
Cost end of year	**(3,338,990)**
Amortisation and impairment losses beginning of year	3,338,990
Amortisation and impairment losses end of year	**3,338,990**
Carrying amount end of year	**0**

7 Financial assets

	Investments in group enterprises DKK	Other investments DKK
Cost beginning of year	51,367,478	3,768,115
Additions	7,196,809	0
Disposals	(8,452,860)	0
Cost end of year	**50,111,427**	**3,768,115**
Revaluations beginning of year	25,706,149	0
Exchange rate adjustments	(408,732)	0
Amortisation of goodwill	(356,512)	0
Share of profit/loss for the year	10,569,991	0
Dividend	(7,842,977)	0
Investments with negative equity value depreciated over receivables	7,567,626	0
Other adjustments	11,563,646	0
Reversal regarding disposals	(8,881,560)	0
Revaluations end of year	**37,917,631**	**0**
Carrying amount end of year	**88,029,058**	**3,768,115**
Goodwill or negative goodwill recognised during the financial year	1,305,290	

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Provisions for investments in group enterprises

Provisions for investments in group enterprises consists of provisions for negativ equity in subsidiaries.

9 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Famkop Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The Parent Company has issued a joint guarantee as security for the bank debt in Gavdi A/S. For that purpose, shares in subsidiaries and associates in the following companies are charged:

- Gavdi A/S
- PXMSOFT A/S (tidl. Gavdi Solutions A/S)

The parent Company has signed a letter of support for PXMSOFT A/S (Gavdi Solutions A/S) and Gavdi Ireland Ltd. and will financially support and secure the Companies unconditionally until 31 December 2023. The companies for which letter of support has been providid, has a negative equity of 13.699 T.DKK.

The Parent Company has entered a subordination agreement with Gavdi Deutschland GmbH. The receivable amounts to DKK. 10.307 T.DKK., and is due for payment .

11 Related parties with controlling interest

Gavdi Holding ApS owns the majority of the shares in the Entity, thus exercising control.

12 Transactions with related parties

	Parent DKK
Management fee paid	4,200,000

In addition, receivables and payables to other group entities and Management is presented in the balance sheet and the related interests are presented in note 2 and 3.

Information on the remuneration to management is presented in note 2 in the consolidated accounts.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer or based on stage of completion, based on the client contracts. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Income from contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Licence income is recognised over the term of the agreement in accordance with the contents of the agreement.

Revenue from time limited software licences is accrued and recognised on a straight line basis over the term of the licence according to the terms of the licence agreement.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life of goodwill has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For the amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for

the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Treasury shares
Acquisition and selling prices and dividends of treasury shares are classified directly as equity in retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

Minority interests
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.