



## GAVDI GROUP A/S

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

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 22.06.2022

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**Jeffrey Bruun**

Chairman of the General Meeting

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# Entity details

## Entity

GAVDI GROUP A/S

Lyngbyvej 2, 1.

2100 København Ø

Business Registration No.: 29799644

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

## 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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 22.06.2022

## 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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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, 22.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Claus Jorch Andersen**

State Authorised Public Accountant  
Identification No (MNE) mne33712

# Management commentary

## Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	226,955	214,884	248,156	218,949	218,066
Gross profit/loss	159,893	146,840	168,940	159,414	161,382
Operating profit/loss	21,181	16,753	9,220	6,856	9,044
Net financials	521	1,756	1,253	1,608	1,041
Profit/loss for the year	18,011	16,136	7,241	5,747	6,020
Profit for the year excl. minority interests	13,791	10,960	3,466	2,379	3,587
Balance sheet total	149,435	144,158	152,500	142,966	144,628
Investments in property, plant and equipment	1,294	2,216	164	1,846	1,015
Equity	80,085	72,768	67,820	65,236	62,164
Equity excl. minority interests	68,199	61,140	50,987	47,616	45,450
Cash flows from operating activities	17,296	15,903	15,986	10,093	4,548
Cash flows from investing activities	(1,305)	2,249	(6,025)	(2,936)	(2,715)
Cash flows from financing activities	(12,430)	(6,986)	(1,301)	(7,205)	(11,350)
Average number of employees	242	225	278	260	255
<b>Ratios</b>					
Gross margin (%)	70.45	68.33	68.08	72.81	74.01
Operating margin (%)	9.33	7.80	3.72	3.13	4.15
Net margin (%)	7.94	7.51	2.92	2.62	2.76
Return on equity (%)	21.33	19.55	7.03	5.11	10.00
Equity ratio (%)	45.64	42.41	33.43	33.31	31.43

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

Gavdi Group A/S has majority interests in fourteen 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

Management is satisfied with the result for 2021 where progress is made in nearly all subsidiaries and especially seen in the context of the Covid-19 pandemic situation throughout 2021. Income from investment in Group entities has increased from MDKK 12,0 mill in 2020 to MDKK 13.1 in 2021 where 2020 was including profit on selling all Gavdi Group A/S shares in Gavdi France SAS.

The income statement for 2021 shows a net result for 2021 of MDKK 13.4 and balance sheet at 31 December 2021 shows total equity of MDKK 68.2.

### Financial review - Group

Group's revenue for 2021, MDKK 227, increase with 5,6 % compared to 2020. Growth is realized across all service lines with exception of own develop products that is in same level as 2020. Services based on Cloud technology has in 2021 been the main contributor to growth within Gavdi Group. Operating profit has increased with MDKK 4.4 to MDKK 21,2 with an increased Gross margin and Operating margin ends up in 9,3%. Improved profitability is mainly due to well managed projects and an optimal resource allocation across the different Gavdi Group entities following the One Gavdi strategy.

Net result for 2021 ends with MDKK 18 and balance sheet at 31 December 2021 shows total equity of MDKK 80.

### Operating review

Covid-19 pandemic continued having a significant impact on 2021 business environment and working conditions. Despite this Gavdi Group grew its revenue with 5,6 % for 2021. Labour marked for IT consultancy industry was during 2021 from an employer point of you turning out to be quite difficult by increased cost and potential increased attrition rate, even then Gavdi Group successfully increased its total number of highly qualified employees with 7,5%.

During 2021 Gavdi´s HXMNOW solution has been launched with success, It's a fast track pre-configured people solution for small and medium sized enterprises that demand best practice cloud software people management support for a minimum investment.

Based on above we are opening up a new market segment that provides further growth for years to come.

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, increasing overall sales and revenue and by the general

development of our business always preparing for new opportunities and by the gained profitability.

### **Profit/loss for the year in relation to expected developments**

Gavdi Group is reaching its goals in terms of revenue growth but is overachieving in terms of profit margin. This is mainly due to well managed projects and an optimal resource allocation across the group during 2021.

### **Outlook**

Management is forecasting with a moderate demand in first half of 2022 and then an increase in 2nd half of 2022. Based on this revenue should increase with 4-8% and the operating margin should be around 5-8%

Gavdi Group has during 2021 received an ISAE 3000 certification and has in 2021 started the process to obtain an ISO 27001 certification. The ISO 27001 certificate is expected to be awarded end of Q2 2022.

### **Use of financial instruments**

Management considers the company's risk exposure to be medium in the present environment, due to war in Ukraine and COVID-19 pandemic coming under control in Europe only a few months back. Risk areas are mainly related to how can an escalation of the war in Ukraine impact general economy including inflation and specific customers and will there be any backfall, new mutations etc. regarding Covid-19 in the winter period 22/23.

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 position as an attractive and innovative workplace characterized by a high competence level, diversity and inclusion.

Management has been focusing a lot to keep stable working conditions under this pandemic and will continue to develop Gavdi Group working environment within a new overall framework coming out of this pandemic.

### **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 2021.

**Parent treasury shares**

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

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 2021

	Notes	2021 DKK	2020 DKK
Revenue		226,955,002	214,883,901
Other operating income		1,040,674	5,496,517
Other external expenses		(68,102,806)	(73,540,196)
<b>Gross profit/loss</b>		<b>159,892,870</b>	<b>146,840,222</b>
Staff costs	2	(135,817,199)	(126,999,848)
Depreciation, amortisation and impairment losses	3	(2,894,646)	(3,087,122)
<b>Operating profit/loss</b>		<b>21,181,025</b>	<b>16,753,252</b>
Other financial income	4	3,498,341	3,406,439
Other financial expenses	5	(2,977,660)	(1,650,127)
<b>Profit/loss before tax</b>		<b>21,701,706</b>	<b>18,509,564</b>
Tax on profit/loss for the year	6	(3,690,322)	(2,373,630)
<b>Profit/loss for the year</b>	7	<b>18,011,384</b>	<b>16,135,934</b>

# Consolidated balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	9	535,299	1,846,388
Goodwill		778,335	1,100,644
<b>Intangible assets</b>	8	<b>1,313,634</b>	<b>2,947,032</b>
Other fixtures and fittings, tools and equipment		3,100,378	3,056,721
<b>Property, plant and equipment</b>	10	<b>3,100,378</b>	<b>3,056,721</b>
Other investments		3,768,115	3,768,115
Other receivables		1,734,730	3,140,921
<b>Financial assets</b>	11	<b>5,502,845</b>	<b>6,909,036</b>
<b>Fixed assets</b>		<b>9,916,857</b>	<b>12,912,789</b>
Trade receivables		55,129,110	45,987,814
Contract work in progress		4,740,670	5,696,887
Receivables from group enterprises	12	43,276,054	45,245,011
Deferred tax	13	1,767,894	1,379,428
Other receivables		2,263,811	2,314,316
Prepayments	14	1,065,600	2,769,499
<b>Receivables</b>		<b>108,243,139</b>	<b>103,392,955</b>
<b>Cash</b>		<b>31,274,587</b>	<b>27,852,190</b>
<b>Current assets</b>		<b>139,517,726</b>	<b>131,245,145</b>
<b>Assets</b>		<b>149,434,583</b>	<b>144,157,934</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital	15, 16	501,000	501,000
Reserve for net revaluation according to equity method		82,931	0
Reserve for development costs		278,791	1,210,565
Other reserves		3,768,115	3,768,115
Retained earnings		59,568,390	52,660,489
Proposed dividend for the financial year		4,000,000	3,000,000
<b>Equity belonging to Parent's shareholders</b>		<b>68,199,227</b>	<b>61,140,169</b>
<b>Equity belonging to minority interests</b>		<b>11,886,054</b>	<b>11,628,261</b>
<b>Equity</b>		<b>80,085,281</b>	<b>72,768,430</b>
Other provisions	17	0	275,000
<b>Provisions</b>		<b>0</b>	<b>275,000</b>
Debt to other credit institutions		2,393,799	1,687,954
Other payables		4,315,158	4,705,590
<b>Non-current liabilities other than provisions</b>	18	<b>6,708,957</b>	<b>6,393,544</b>
Current portion of non-current liabilities other than provisions	18	906,319	2,520,861
Bank loans		1,512,262	360,491
Contract work in progress		4,658,122	0
Trade payables		12,938,741	15,984,751
Payables to owners and management		695,713	1,270,824
Tax payable		2,202,125	1,624,525
Joint taxation contribution payable		33,416	0
Other payables		23,380,361	24,088,679
Deferred income	19	16,313,286	18,870,829
<b>Current liabilities other than provisions</b>		<b>62,640,345</b>	<b>64,720,960</b>
<b>Liabilities other than provisions</b>		<b>69,349,302</b>	<b>71,114,504</b>
<b>Equity and liabilities</b>		<b>149,434,583</b>	<b>144,157,934</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	21		
Assets charged and collateral	22		
Transactions with related parties	23		

Subsidiaries

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# Consolidated statement of changes in equity for 2021

	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	0	1,210,565	3,768,115	52,660,489
Effect of mergers and business combinations	0	0	0	0	0
Ordinary dividend paid	0	0	0	0	0
Extraordinary dividend paid	0	0	0	0	0
Exchange rate adjustments	0	0	0	0	17,035
Transfer to reserves	0	82,931	(931,774)	0	848,843
Profit/loss for the year	0	0	0	0	6,042,023
<b>Equity end of year</b>	<b>501,000</b>	<b>82,931</b>	<b>278,791</b>	<b>3,768,115</b>	<b>59,568,390</b>

	Proposed extraordinary dividend DKK	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	0	3,000,000	61,140,169	11,628,261	72,768,430
Effect of mergers and business combinations	0	0	0	(354,213)	(354,213)
Ordinary dividend paid	0	(3,000,000)	(3,000,000)	(3,801,464)	(6,801,464)
Extraordinary dividend paid	(3,400,000)	0	(3,400,000)	0	(3,400,000)
Exchange rate adjustments	0	0	17,035	(155,891)	(138,856)
Transfer to reserves	0	0	0	0	0
Profit/loss for the year	3,400,000	4,000,000	13,442,023	4,569,361	18,011,384
<b>Equity end of year</b>	<b>0</b>	<b>4,000,000</b>	<b>68,199,227</b>	<b>11,886,054</b>	<b>80,085,281</b>

# Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		21,181,025	16,753,252
Amortisation, depreciation and impairment losses		2,894,646	3,087,122
Other provisions		(275,000)	0
Working capital changes	20	(3,937,550)	4,270,922
Gain/loss on sale of non-current assets		0	(473,129)
Gain/loss on sale of enterprises and activities		0	(3,335,090)
<b>Cash flow from ordinary operating activities</b>		<b>19,863,121</b>	<b>20,303,077</b>
Financial income received		3,878,387	2,044,439
Financial expenses paid		(2,977,660)	(1,650,127)
Taxes refunded/(paid)		(3,467,772)	(4,794,573)
<b>Cash flows from operating activities</b>		<b>17,296,076</b>	<b>15,902,816</b>
Acquisition etc. of property, plant and equipment		(1,304,905)	(2,215,596)
Sale of property, plant and equipment		0	1,378,798
Acquisition of fixed asset investments		0	(411,074)
Sale of fixed asset investments		0	17,542
Disposal of enterprises and activities		0	5,257,386
Repayments received, loans		0	(1,777,837)
<b>Cash flows from investing activities</b>		<b>(1,304,905)</b>	<b>2,249,219</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>15,991,171</b>	<b>18,152,035</b>
Loans raised		0	3,169,720
Repayments of loans etc.		(908,697)	(4,460,746)
Dividend paid		(10,201,464)	(1,536,716)
Payments to owners and shareholders		(575,111)	0
Acquisition of minorities		(354,214)	(4,158,209)
Other cash flows from financing activities		(390,432)	0
<b>Cash flows from financing activities</b>		<b>(12,429,918)</b>	<b>(6,985,951)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>3,561,253</b>	<b>11,166,084</b>

Cash and cash equivalents beginning of year	27,852,190	17,696,579
Currency translation adjustments of cash and cash equivalents	(138,856)	(1,010,473)
<b>Cash and cash equivalents end of year</b>	<b>31,274,587</b>	<b>27,852,190</b>

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

Cash	31,274,587	27,852,190
<b>Cash and cash equivalents end of year</b>	<b>31,274,587</b>	<b>27,852,190</b>

# 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

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	124,255,351	113,637,910
Pension costs	7,129,703	6,819,906
Other social security costs	3,702,186	5,661,714
Other staff costs	729,959	880,318
	<b>135,817,199</b>	<b>126,999,848</b>
Average number of full-time employees	<b>242</b>	<b>225</b>

## 3 Depreciation, amortisation and impairment losses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	1,633,399	2,148,862
Depreciation on property, plant and equipment	1,261,247	938,260
	<b>2,894,646</b>	<b>3,087,122</b>

## 4 Other financial income

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	1,447,000	1,362,000
Exchange rate adjustments	1,936,375	2,044,439
Other financial income	114,966	0
	<b>3,498,341</b>	<b>3,406,439</b>

## 5 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	114,256	8,000
Other financial expenses	2,863,404	1,642,127
	<b>2,977,660</b>	<b>1,650,127</b>

**6 Tax on profit/loss for the year**

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	4,078,788	3,193,396
Change in deferred tax	(388,466)	(819,766)
	<b>3,690,322</b>	<b>2,373,630</b>

**7 Proposed distribution of profit/loss**

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	4,000,000	0
Extraordinary dividend distributed in the financial year	3,400,000	0
Retained earnings	6,042,023	10,959,722
Minority interests' share of profit/loss	4,569,361	5,176,212
	<b>18,011,384</b>	<b>16,135,934</b>

**8 Intangible assets**

	<b>Completed development projects DKK</b>	<b>Goodwill DKK</b>
Cost beginning of year	36,937,352	7,930,280
Exchange rate adjustments	(3,818)	0
<b>Cost end of year</b>	<b>36,933,534</b>	<b>7,930,280</b>
Amortisation and impairment losses beginning of year	(35,090,964)	(6,829,636)
Exchange rate adjustments	3,819	0
Amortisation for the year	(1,311,090)	(322,309)
<b>Amortisation and impairment losses end of year</b>	<b>(36,398,235)</b>	<b>(7,151,945)</b>
<b>Carrying amount end of year</b>	<b>535,299</b>	<b>778,335</b>

**9 Development projects**

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

## 10 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	5,740,096
Additions	1,294,032
Disposals	(730,829)
<b>Cost end of year</b>	<b>6,303,299</b>
Depreciation and impairment losses beginning of year	(2,610,062)
Depreciation for the year	(1,261,247)
Reversal regarding disposals	668,388
<b>Depreciation and impairment losses end of year</b>	<b>(3,202,921)</b>
<b>Carrying amount end of year</b>	<b>3,100,378</b>

## 11 Financial assets

	<b>Other investments DKK</b>	<b>Other receivables DKK</b>
Cost beginning of year	3,768,115	3,140,921
Disposals	0	(1,406,191)
<b>Cost end of year</b>	<b>3,768,115</b>	<b>1,734,730</b>
<b>Carrying amount end of year</b>	<b>3,768,115</b>	<b>1,734,730</b>

## 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

	<b>2021 DKK</b>	<b>2020 DKK</b>
Intangible assets	109,938	41,795
Property, plant and equipment	1,653,519	1,333,196
Other deductible temporary differences	4,437	4,437
<b>Deferred tax</b>	<b>1,767,894</b>	<b>1,379,428</b>
	<b>2021 DKK</b>	<b>2020 DKK</b>
<b>Changes during the year</b>		
Beginning of year	1,379,428	559,662
Recognised in the income statement	388,466	819,766
<b>End of year</b>	<b>1,767,894</b>	<b>1,379,428</b>

### Deferred tax assets

As per 31 December 2021 the company has recognized a deferred tax asset with a carrying amount of DKK 1.767.894. 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	20,100,000	0.01	201,000
	<b>50,100,000</b>		<b>501,000</b>

The parent 's share capital has remained DKK 501,000 over the past 5 years.

### 16 Treasury shares

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

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 Other provisions

Other provisions consist of legal provisions.

### 18 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Debt to other credit institutions	906,319	2,520,861	2,393,799	0
Other payables	0	0	4,315,158	4,315,158
	<b>906,319</b>	<b>2,520,861</b>	<b>6,708,957</b>	<b>4,315,158</b>

### 19 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.

**20 Changes in working capital**

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in receivables	(3,472,578)	1,753,476
Increase/decrease in trade payables etc.	(3,717,322)	(510,705)
Other changes	3,252,350	3,028,151
	<b>(3,937,550)</b>	<b>4,270,922</b>

**21 Unrecognised rental and lease commitments**

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Total liabilities under rental or lease agreements until maturity	<b>8,595,518</b>	<b>5,403,756</b>

**22 Assets charged and collateral**

As security for bank debt , DKK 1,512,262, 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 21,418,447.

**23 Transactions with related parties**

	<b>Parent</b>
	<b>DKK</b>
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.



## 24 Subsidiaries

	<b>Registered in</b>	<b>Ownership %</b>
Gavdi A/S	København, DK	95.95
PXMsoft A/S	København, DK	100.00
Init Incentive ApS	København, DK	86.50
Gavdi Management A/S	København, DK	100.00
Gavdi Norge AS	Oslo, NO	100.00
Gavdi Sverige AB	Kista, SE	74.00
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	Walldorf, 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 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>(368,496)</b>	<b>(878,106)</b>
Income from investments in group enterprises		13,081,282	12,042,460
Other financial income	2	1,985,125	193,216
Other financial expenses	3	(1,186,567)	(477,063)
<b>Profit/loss before tax</b>		<b>13,511,344</b>	<b>10,880,507</b>
Tax on profit/loss for the year	4	(69,321)	79,215
<b>Profit/loss for the year</b>	5	<b>13,442,023</b>	<b>10,959,722</b>

# Parent balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Goodwill		0	0
<b>Intangible assets</b>	6	<b>0</b>	<b>0</b>
Investments in group enterprises		77,073,606	71,600,171
Receivables from group enterprises		0	1,052,580
Other investments		3,768,115	3,768,115
Other receivables		0	1,113,500
<b>Financial assets</b>	7	<b>80,841,721</b>	<b>77,534,366</b>
<b>Fixed assets</b>		<b>80,841,721</b>	<b>77,534,366</b>
Receivables from group enterprises		4,050,701	2,491,253
Other receivables		1,119,997	1,233,971
Tax receivable		25,292	79,215
<b>Receivables</b>		<b>5,195,990</b>	<b>3,804,439</b>
<b>Cash</b>		<b>2,994,906</b>	<b>947,228</b>
<b>Current assets</b>		<b>8,190,896</b>	<b>4,751,667</b>
<b>Assets</b>		<b>89,032,617</b>	<b>82,286,033</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital		501,000	501,000
Reserve for net revaluation according to equity method		25,706,149	1,313,167
Other reserves		3,768,115	3,768,115
Retained earnings		34,223,963	52,557,888
Proposed dividend for the financial year		4,000,000	3,000,000
<b>Equity</b>		<b>68,199,227</b>	<b>61,140,170</b>
Provisions for investments in group enterprises	8	9,261,652	6,456,292
<b>Provisions</b>		<b>9,261,652</b>	<b>6,456,292</b>
Trade payables		64,988	163,025
Payables to group enterprises		11,437,429	14,526,546
Tax payable		69,321	0
<b>Current liabilities other than provisions</b>		<b>11,571,738</b>	<b>14,689,571</b>
<b>Liabilities other than provisions</b>		<b>11,571,738</b>	<b>14,689,571</b>
<b>Equity and liabilities</b>		<b>89,032,617</b>	<b>82,286,033</b>
Events after the balance sheet date	1		
Contingent liabilities	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

# Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Other reserves DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	501,000	1,313,167	3,768,115	52,557,887	0
Ordinary dividend paid	0	0	0	0	0
Extraordinary dividend paid	0	0	0	0	(3,400,000)
Exchange rate adjustments	0	0	0	17,035	0
Transfer to reserves	0	24,392,982	0	(24,392,982)	0
Profit/loss for the year	0	0	0	6,042,023	3,400,000
<b>Equity end of year</b>	<b>501,000</b>	<b>25,706,149</b>	<b>3,768,115</b>	<b>34,223,963</b>	<b>0</b>

	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	3,000,000	61,140,169
Ordinary dividend paid	(3,000,000)	(3,000,000)
Extraordinary dividend paid	0	(3,400,000)
Exchange rate adjustments	0	17,035
Transfer to reserves	0	0
Profit/loss for the year	4,000,000	13,442,023
<b>Equity end of year</b>	<b>4,000,000</b>	<b>68,199,227</b>

# 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

	2021 DKK	2020 DKK
Financial income from group enterprises	1,423,498	193,216
Exchange rate adjustments	446,661	0
Other financial income	114,966	0
	<b>1,985,125</b>	<b>193,216</b>

## 3 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	251,557	322,342
Exchange rate adjustments	935,010	154,721
	<b>1,186,567</b>	<b>477,063</b>

## 4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	69,321	(79,215)
	<b>69,321</b>	<b>(79,215)</b>

## 5 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Ordinary dividend for the financial year	4,000,000	0
Extraordinary dividend distributed in the financial year	3,400,000	0
Retained earnings	6,042,023	10,959,722
	<b>13,442,023</b>	<b>10,959,722</b>

## 6 Intangible assets

	<b>Goodwill DKK</b>
Cost beginning of year	(554,760)
<b>Cost end of year</b>	<b>(554,760)</b>
Amortisation and impairment losses beginning of year	554,760
<b>Amortisation and impairment losses end of year</b>	<b>554,760</b>
<b>Carrying amount end of year</b>	<b>0</b>

## 7 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Receivables from group enterprises DKK</b>	<b>Other investments DKK</b>	<b>Other receivables DKK</b>
Cost beginning of year	42,276,245	10,686,032	3,768,115	1,113,500
Additions	9,091,212	0	0	0
Disposals	0	(10,686,032)	0	(1,113,500)
<b>Cost end of year</b>	<b>51,367,457</b>	<b>0</b>	<b>3,768,115</b>	<b>0</b>
Revaluations beginning of year	29,323,926	0	0	0
Exchange rate adjustments	17,035	0	0	0
Amortisation of goodwill	(322,290)	0	0	0
Share of profit/loss for the year	13,752,874	0	0	0
Dividend	(13,386,374)	0	0	0
Investments with negative equity value depreciated over receivables	(6,484,382)	0	0	0
Investments with negative equity value transferred to provisions	2,805,360	0	0	0
<b>Revaluations end of year</b>	<b>25,706,149</b>	<b>0</b>	<b>0</b>	<b>0</b>
Impairment losses beginning of year	0	(9,633,452)	0	0
Reversal of impairment losses	0	9,633,452	0	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>77,073,606</b>	<b>0</b>	<b>3,768,115</b>	<b>0</b>

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 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)
- Init Incent ive ApS

The parent Company has signed a letter of support for PXMSOFT A/S (Gavdi Solutions A/S) as well as for Gavdi Norge AS and Gavdi Ireland Ltd. and will financially support and secure the Companies unconditionally until 31 December 2022. The companies for which letter of support has been provided, has a negative equity of 10.929 T.DKK.

The Parent Company has entered a subordination agreement with Gavdi Deutschland GmbH. The receivable amounts to DKK. 12.750.884, and is due for payment .

#### 10 Related parties with controlling interest

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

#### 11 Transactions with related parties

	<b>Parent DKK</b>
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**

#### **Gross profit or loss**

Gross profit or loss comprises other external expenses.

#### **Revenue**

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

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:

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.