

Twoday A/S

Gærtorvet 1, 1799 København V

CVR no. 29 97 33 34

Annual report 2022

Approved at the Company's annual general meeting on 16 June 2023

Chair of the meeting:

.....
Carsten Boje Møller

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Twoday A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 16 June 2023
Executive Board:

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Lars E. Berthelsen
Managing Director

Board of Directors:

.....
Carsten Boje Møller
Chair

.....
Steffen Torp

.....
Vidar Evensen

.....
Petri Lillberg

Independent auditor's report

To the shareholder of Twoday A/S

Opinion

We have audited the financial statements of Twoday A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
mne31450

Louise Greve
State Authorised Public Accountant
mne48485

Management's review

Company details

Name	Twoday A/S
Address, Postal code, City	Gærtorvet 1, 1799 København V
CVR no.	29 97 33 34
Established	20 October 2006
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.twoday.dk
Board of Directors	Carsten Boje Møller, Chair Steffen Torp Vidar Evensen Petri Lillberg
Executive Board	Lars E. Berthelsen, Managing Director
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKKm	2022	2021	2020	2019	2018
Key figures					
Revenue	429	396	334,137	292,492	235,726
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	54	66	51,870	43,646	29,458
Operating profit/loss	52	58	46,901	41,926	27,555
Net financials	0	0	-608	53	-180
Profit for the year	40	50	38,656	32,736	21,350
Total assets					
Investments in property, plant and equipment	4,609	2,185	3,390	1,103	596
Equity	32	58	67,159	58,503	43,229
Financial ratios					
EBITDA-margin	12.6%	16.7%	15.5%	14.9%	12.5%
Return on assets	27.2%	0.1%	25.1%	33.2%	27.3%
Current ratio	129.3%	157.9%	163.8%	168.1%	189.1%
Equity ratio	17.0%	29.7%	31.2%	37.1%	45.8%
Return on equity	88.9%	0.1%	61.5%	64.4%	43.1%
Average number of full-time employees					
	220	208	170	156	128

For terms and definitions, please see the accounting policies.

The company is merged with Mind4IT A/S per 1 January 2019 for which comparative figures are not included in finance highlights for 2018. The company is merged with Ditmer A/S per 1 January 2021 for which comparative figures are not included in finance highlights for 2018-2020. The company is merged with Visma Digital Commerce A/S per 1 January 2022 for which comparative figures are not included in finance highlights for 2018-2021.

Management's review

Data ethics

Business review

In twoday A/S, we work to digitise Denmark. We help both public and private companies to develop, modernise and maintain their IT solutions. twoday A/S serves both public and private customers ranging from micro customers on standardised SaaS products to central government customers with highly complex and customised solutions.

We provide standard and customised solutions, software as a service and consultancy. Together with our customers, we create increased productivity and growth in the Danish society to the benefit of us all.

Mission and target

twoday A/S is part of the twoday Group. The company is a leading provider of business critical and customised IT solutions through a broad range of competences within consulting, solutions development, application management and software solutions.

Twoday A/S provides IT solutions that are based on understanding the customer's businesses, challenges and potential. The IT solutions cover strategy and process-optimisation, development and implementation of applications on a broad spectrum of platforms, integration and application management. The strength of the company is to create value through intelligent integration between systems and customer business processes.

Recognition and measurement uncertainties

The Company has not experienced any uncertainties relating to recognition and measurement at the preparation of the financial statements for 2022.

Financial review

The company's Revenue is DKK 429.1 million. This is an increase of +8.3% compared to last year's Revenue of DKK 396.3 million.

The company's normalised profit (pre exceptional and non-recurring costs) before amortisation and depreciation (EBITDA) is DKK 60.4 million. This is a growth of +0.5% compared to last year's normalised EBITDA of DKK 60.1 million.

The normalised profit of the year is a surplus of DKK 46.6 million compared to last year's normalised profit of DKK 45.2 million, which is an increase of +3.2%.

Both the EBITDA and profit of the year results are driven by the separation and transaction cost mentioned above. The results are in line with expectations and considered satisfactory.

Expectations to 2023

The economic objectives for 2023 are:

- Revenue growth of minimum 10%
- EBITDA margin in the range of 15-17%

Twoday A/S expects 2023 to be challenging from an economic point of view with the continued high inflationary pressure on salaries and supplier costs.

Events in 2022

In June CVC Capital Partners signed an agreement to purchase the consulting centric companies from Visma. The transaction closed 30th September. twoday A/S was part of this transaction. From 30th of September twoday A/S is owned by twoday Holding ApS.

As part of the transaction twoday A/S has registered separation and transaction costs of DKKm 6.0. These are considered exceptional and non-recurring.

In 2022 twoday won a significant contract with the Danish Directorate of Working Environment and Safety. This contract is expected to contribute positively over the duration of the contract.

Management's review

Knowledge resources

The key for creating value for the customers is the personal development of the employees. Through competence development programs and continued education, the company assures that the employees continuously update their skills to fit the customers' current and future demands.

twoday A/S requires that the employees have a general knowledge of IT and the customers' business processes, but also that they have the time to specialise in specific fields.

The values of twoday are:

- Drive
- Heart
- Adaptability

Being an employee centric company twoday A/S continuously pursues the best working conditions for our employees.

Statutory CSR report

Business model

Twoday A/S advises both public and private companies in developing, modernizing and maintaining their IT solutions, including cloud solutions. Twoday's vision is to create a better tomorrow through technology. Our software gives people the opportunity to streamline processes and take advantage of vast amounts of data – offering a world of new opportunities for businesses and organisations. In twoday's role as a leading international software company, we have the opportunity to positively impact the world and drive change towards more sustainable business practices in all of our operations and value chains. At Twoday, we work to strengthen the community of which we are a part of. Technology is the means. Growth and welfare is the goal.

Human rights and anti-bribery & corruption policy

In twoday A/S, we have an anti-corruption program with a policy and dedicated responsible personnel in the twoday companies. The policy gives practical guidance on how to act in relevant situations in addition to general information about anti-corruption and why it is important to us. An annual anti-corruption training is part of our anti-corruption program. For more information about our work against corruption and bribery, read twoday's Anti-corruption policy .

The main risk that twoday A/S faces regarding anticorruption is when interacting with suppliers, however, with the continuous training and policies set in place, we consider the risks in relation to anti-corruption to be low.

twoday A/S does not tolerate any violations of human rights among our suppliers, partners, customers, and other stakeholders, and we are committed to conducting our business ethically and with integrity. We comply with all applicable employment legislation, including employee pay and working conditions in Denmark and we invest heavily in supporting the health and wellbeing of our staff. Based on the nature of our business as a professional software provider, we consider the risks of modern slavery and human trafficking in our value chain to be low. To reduce risks, we strive towards selecting reliable, well-known world class vendors. We also undertake due diligence when evaluating agreements with new suppliers, and we regularly review our existing suppliers.

Actions and results:

In 2022, twoday A/S did not experience any cases of corruption and all employees completed the annual anti-corruption and code of conduct training e-learning program. In the coming years, we expect to continue the annual anti-corruption and bribery training program as well as introduce a diligent vendor assessment policy.

In 2022, twoday A/S has not experienced any human rights violations in connection to due diligence of new suppliers, or through review of existing suppliers. In the coming years, we expect to continue the due diligence and review procedures to keep potential risks at a minimum.

Management's review

Environmental and climatic conditions

Politics:

At Twoday A/S, we are in the process of defining a unified approach towards sustainability, including identifying the performance indicators that are most important for us to track. While we have mainly office-based operations and do not produce physical goods, protecting the environment and managing our own impacts are simply the right thing to do, as well as being a sound way to conduct business. The transition to a low-carbon, resource-efficient and circular economy, in line with the United Nations' Sustainable Development Goals, is key to ensuring long-term competitiveness. An important step in our efforts to gain better insight into the environmental impacts of all parts of the organisation is to measure our carbon footprint.

Risks:

Twoday A/S's most significant environmental and climate impact happens through air travel and heating & cooling of offices. We will, together with Twoday Group, look more into the impact of data centres in 2023. The learnings from the Covid-19 pandemic that significantly reduced business travel during 2020 and 2021, by conducting meetings online has proved to be an efficient way to both decrease wasted (travel) time and reduce carbon emissions. We will continue with this new way of conducting meetings online and hold the business travel to a minimum.

Actions and results:

Historically, sustainability initiatives have been implemented differently across twoday companies, markets and office locations. As a result of this, there are different levels of maturity when it comes to working with sustainability across the organisation. Currently, we are working on a new sustainability strategy with a more unified approach. As part of our strategy work, we are developing a new twoday-wide Sustainability Policy to complement our already existing policies. This group policy aims to set a foundation for improved transparency and governance on sustainability topics within twoday.

Twoday A/S' office in Carlsberg Byen is a sustainable building, this means using and introducing available resources consciously, minimising energy consumption and preserving the environment. The building is gold-certified in the DGNB system, which is based on the concept of holistic sustainability, placing equal emphasis on the environment, people and commercial viability. Almost all areas of the building, from the construction process itself to the materials used, space planning, energy concept, lighting and waste management, play a part in achieving the certification. The roofs have an important function: They protect against cloudbursts, save CO₂ and give life to new residents such as birds and bees. The roof of the building has solar panels, and on days with clear skies, the building covers its own energy consumption.

Twoday A/S has actively sought to reduce e-waste during 2022 by arranging collection of private e-waste from the employees with the aim of recycling the products in a substantial method..

Expectations for the work ahead:

Going forward, Twoday A/S expects to intensify its efforts to reduce environmental and climate conditions through the use of the new Twoday-wide Sustainability Policy.

As part of the separation process from Visma, Twoday A/S is now searching for new offices. Herein the company weighs the sustainability of the coming offices heavily and is a critical decision factor for choosing the new location.

Social and employee relations

Politics:

It is the goal of Twoday A/S to have a good and safe working environment for all employees. The other policies regarding social conditions and employee relations are formulated in our personnel handbook. The wellbeing of our employees is one of our top priorities. Through various measures for diversity and inclusion, we take steps we believe will lead to a more dynamic, happy, and innovative company.

Management's review

Risks:

The most significant identified risk in relation to social and employee conditions is a poor working environment which can lead to stress and long term sickness.

Actions and results:

Twoday A/S has an initiative called a "safe and healthy working day". We have a work environment group consisting of a safety manager and safety representative at our locations in Aarhus and in Copenhagen. The tasks conducted annually and during 2022 of our work environment groups are to observe and solve the safety and health challenges that may arise in the area that the group covers. This can be the physical and mental work environment, bullying and harassment as well as the indoor climate. In addition, the work environment group also prepares the company's APV (Workplace assessment). Consequently, the work environment group has been able to provide a healthier work environment with satisfied and happy employees throughout 2022, through actions related to better lighting and working conditions at our offices.

Expectations for the work ahead:

Joint focus on well-being, health, training and the mental well-being of our employees in Twoday A/S will be a continued focus going forward. Twoday A/S has hired Company Health, an authorized health consultancy company who ensures both physical and mental health in the workplace.

Covid-19

Politics:

Twoday A/S wants to ensure that the health of all employees is ensured in the best possible way.

Risks:

We do not expect COVID 19 to have an impact in 2023.

Actions and results:

During the financial year, measures have been taken on an ongoing basis to ensure that employees are protected as best as possible against infection with Covid-19. Among other things, various guidelines introduced during 2020, protective equipment has been made available and staff segregation and work from home have been introduced where possible. As a result, the number of infected employees has been kept to an absolute minimum.

Management's review

Account of the gender composition of Management

The gender equality policy prescribes that the personnel composition on all managerial levels should reflect the overall gender composition in the company. Being an equal opportunity employer, the company wishes to promote values such as mutual respect, togetherness and diversity among the personnel. When recruiting, the company aims to ensure that both sexes are represented in the selection of candidates. The company wishes to promote an even gender balance in all job functions without engaging in positive discrimination. Thus, all new hires will happen on the basis of an overall assessment of how well a candidate's qualifications match job requirements.

Twoday A/S has an overall gender composition of 80% men and 20%. The other management consists of 72% men and 28% women. The other managerial positions consist of people, who are team leads or above. The figures are based on full time employees. In addition, the gender composition in the board of directors consists of 4 men and 0 women.

There is more we can do to improve gender balance in our company and in the technology industry as a whole. Our management team focuses on gender balance, which leads to more dynamic discussions and more robust decision-making. Some of our initiatives and activities include employer branding at technical universities represented by both male and female representatives from twoday A/S and various activities aiming at increasing the female representation in higher technical educational institutions such as our support of the SHE Community and Women in Tech.

We will continue to work towards a more balanced gender ratio in the workplace in the years to come because we believe—and have experienced—that this contributes to a better working environment, greater creativity and adaptability, and better results in the long run.

It is the goal to increase the number of females in the board, to at least 2 or 33% before the year 2025. In the current fiscal year, there were no relevant female candidates for the board. Hence, the goal has not yet been reached and will be the focus in the coming years.

Events after the balance sheet date

No significant event has occurred subsequent to the closing of the annual financial accounts.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
	Revenue	429,121	396,280
	Other operating income	500	6,602
	Other external expenses	-201,151	-181,003
	Gross profit	228,470	221,879
3	Staff costs	-173,996	-155,408
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-2,131	-1,627
	Profit before net financials	52,343	64,844
	Financial income	193	28
	Financial expenses	-80	-340
	Profit before tax	52,456	64,532
5	Tax for the year	-12,942	-14,191
	Profit for the year	39,514	50,341

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	1,554	134
		1,554	134
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	5,309	4,249
	Leasehold improvements	0	107
		5,309	4,356
	Total fixed assets	6,863	4,490
	Non-fixed assets		
	Receivables		
	Trade receivables	117,018	114,101
8	Work in progress for third parties	2,868	831
	Receivables from group enterprises	56,894	66,373
	Other receivables	1,223	1,028
	Prepayments	2,494	1,804
		180,497	184,137
	Cash	151	7,244
	Total non-fixed assets	180,648	191,381
	TOTAL ASSETS	187,511	195,871

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	4,586	4,585
	Retained earnings	27,639	8,725
	Dividend proposed	0	45,000
	Total equity	<u>32,225</u>	<u>58,310</u>
	Provisions		
10	Deferred tax	41	302
	Other provisions	0	1,500
	Total provisions	<u>41</u>	<u>1,802</u>
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Other payables	14,942	14,771
		<u>14,942</u>	<u>14,771</u>
	Current liabilities other than provisions		
8	Prepayments on work in progress	1,008	0
	Trade payables	84,368	68,998
	Payables to group enterprises	3,641	2,292
	Joint taxation contribution payable	13,187	12,492
	Other payables	25,253	28,776
	Deferred income	12,846	8,430
		<u>140,303</u>	<u>120,988</u>
	Total liabilities other than provisions	<u>155,245</u>	<u>135,759</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>187,511</u></u>	<u><u>195,871</u></u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties
- 15 Fee to the auditors appointed by the Company in general meeting
- 16 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2021	4,584	2,574	60,000	67,158
	Additions on merger	1	1,551	0	1,552
16	Transfer, see "Appropriation of profit"	0	5,341	45,000	50,341
	Other value adjustments of equity	0	-741	0	-741
	Dividend distributed	0	0	-60,000	-60,000
	Equity at 1 January 2022	4,585	8,725	45,000	58,310
	Additions on merger	1	1,400	0	1,401
16	Transfer, see "Appropriation of profit"	0	17,514	0	17,514
	Dividend distributed	0	0	-45,000	-45,000
	Equity at 31 December 2022	4,586	27,639	0	32,225

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Twoday A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the parent company is prepared, as the parent company's cash flows are part of the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

The entity have agreements regarding services on behalf of suppliers, where the entity is not taking on material risks related to the services. Income is recognized as work is performed and delivered from the supplier to the third parties, where the entity earns the right to commission. Revenue is recognized to net value of the commission.

Revenue is recognized without VAT charged on behalf of the third parties. All discounts are recognized within the revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	3-5 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-10 years

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights, including software licences and distribution rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

Intangible assets, property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be made up reliably, the market value is measured at the costs incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of each contract in progress less prepayments is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash and cash equivalents comprise cash which is subject to an insignificant risk of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

No events which could effect the Companys financial position have occurred after the balance sheet date.

DKK'000	<u>2022</u>	<u>2021</u>
3 Staff costs		
Wages/salaries	169,214	144,590
Pensions	6,757	6,090
Other social security costs	853	2,052
Other staff costs	-2,828	2,676
	<u>173,996</u>	<u>155,408</u>
Average number of full-time employees	<u>220</u>	<u>208</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

4 Amortisation/depreciation of intangible assets and property, plant and equipment

Amortisation of intangible assets	263	109
Depreciation of property, plant and equipment	1,868	1,518
	<u>2,131</u>	<u>1,627</u>

5 Tax for the year

Estimated tax charge for the year	13,187	12,489
Deferred tax adjustments in the year	-245	1,702
	<u>12,942</u>	<u>14,191</u>

6 Intangible assets

DKK'000	<u>Acquired intangible assets</u>
Cost at 1 January 2022	5,665
Additions	1,683
Cost at 31 December 2022	<u>7,348</u>
Impairment losses and amortisation at 1 January 2022	5,531
Amortisation for the year	263
Impairment losses and amortisation at 31 December 2022	<u>5,794</u>
Carrying amount at 31 December 2022	<u>1,554</u>
Amortised over	<u>3-5 years</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2022	19,534	2,793	22,327
Additions on merger/corporate acquisition	35	0	35
Additions	2,926	0	2,926
Disposals	-436	0	-436
Cost at 31 December 2022	22,059	2,793	24,852
Impairment losses and depreciation at 1 January 2022	15,285	2,686	17,971
Accumulated impairment losses and depreciation of additions through mergers and business combinations	6	0	6
Depreciation	1,761	107	1,868
Reversal of accumulated depreciation and impairment of assets disposed	-302	0	-302
Impairment losses and depreciation at 31 December 2022	16,750	2,793	19,543
Carrying amount at 31 December 2022	5,309	0	5,309
Depreciated over	3-5 years	3-10 years	

DKK'000	2022	2021
8 Work in progress for third parties		
Selling price of work performed	8,568	5,354
Progress billings	-6,708	-4,523
	1,860	831

9 Share capital

Analysis of the share capital:

4,503,000 A shares of DKK 1.00 nominal value each	4,503	4,502,000
83,335 B shares of DKK 1.00 nominal value each	83	83,335
	4,586	4,585,335

Analysis of changes in the share capital over the past 5 years:

DKK'000	2022	2021	2020	2019	2018
Opening balance	4,585	4,584,335	4,584,335	4,583,335	4,583,335
Capital increase	1	1,000	0	1,000	0
	4,586	4,585,335	4,584,335	4,584,335	4,583,335

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021
10 Deferred tax		
Deferred tax at 1 January	302,128	-1,517,164
Addition, merger	3,178	117,193
Deferred tax adjustments in the year	-305,264	1,400,274
Deferred tax at 31 December	<u>42</u>	<u>303</u>
Deferred tax relates to:		
Intangible assets	342	30
Property, plant and equipment	-387	-229
Receivables	302	999
Provisions	-215	-497
	<u>42</u>	<u>303</u>

11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	<u>14,942</u>	<u>0</u>	<u>14,942</u>	<u>14,941,728</u>
	<u>14,942</u>	<u>0</u>	<u>14,942</u>	<u>14,941,728</u>

12 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent, Twoday Holding Denmark ApS, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Rent and lease liabilities vis-à-vis the parent company and its other subsidiaries:

DKK'000	2022	2021
Rent and lease liabilities	<u>0</u>	<u>16,741,443</u>

Other rent and lease liabilities:

Rent and lease liabilities	<u>26,116,449</u>	<u>10,304,625</u>
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13 Collateral

The Twoday Group has a cash pool agreement, under which the parent company, Twoday Holding Denmark ApS, is the holder of the agreement, while other group companies are sub-account holders. The bank can settle drafts and deposits with each other, so the net amount constitutes a balance between the bank and Twoday Holding Denmark ApS. For twoday A/S's intercompany balances, DKK 52.35 million are included in the joint cash pool agreement.

Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties

Twoday A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
CVC Capital Partners VIII (A) LP Twoday Holding Denmark ApS	Jersey, United Kingdom Copenhagen, Denmark	Ultimate owner Capital owner, 100%

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
CVC Capital Partners VIII (A) LP Twoday Holding Denmark ApS	Jersey, United Kingdom Copenhagen, Denmark	www.cvc.com www.cvr.dk

Related party transactions

Other related parties

The parent company Twoday Holding Denmark ApS and its affiliated are the only related parties of twoday A/S.

The company solely discloses transactions that have not been carried out on arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on arm's length basis.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Twoday Holding Denmark ApS	Copenhagen, Denmark















15 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for CVC Capital Partners VIII (A) LP.

DKK'000	2022	2021
16 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	0	45,000
Extraordinary dividend distributed in the year	22,000	0
Retained earnings	17,514	5,341
	<u>39,514</u>	<u>50,341</u>

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22 Twoday Regnskabserklæring.pdf	
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