# eGISS A/S

Topstykket 24, 3460 Birkerød

CVR no. 35 05 62 97

## Annual report 2021

Approved at the Company's annual general meeting on 28 January 2022

Chair of the meeting:

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Søren Holm Pedersen

## Contents

## 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 eGISS A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2021.

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

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

Birkerød, 28 January 2022
Executive Board:

| | |
|---|---|
| Jesper Ravn | Søren Holm Pedersen |

Board of Directors:

| | | |
|---|---|---|
| René von Staffeldt Beck<br>Chair | Edmund Alfred Lazarus | Mark William Joseph |
| Jesper Ravn | Søren Holm Pedersen | |

## Independent auditor's report

### To the shareholders of eGISS A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of eGISS A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 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 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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.

## Independent auditor's report

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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group and the Parent 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.
- 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.

## Independent auditor's report

**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 Statements Act. We did not identify any material misstatement of the Management's review.

Sønderborg, 28 January 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan Thietje
State Authorised Public Accountant
mne31429

# Management's review

## Company details

| | |
|---|---|
| Name | eGISS A/S |
| Address, Postal code, City | Topstykket 24, 3460 Birkerød |
| CVR no. | 35 05 62 97 |
| Registered office | Rudersdal |
| Financial year | 1 January - 31 December |
| Board of Directors | René von Staffeldt Beck, Chair<br>Edmund Alfred Lazarus<br>Mark William Joseph<br>Jesper Ravn<br>Søren Holm Pedersen |
| Executive Board | Jesper Ravn<br>Søren Holm Pedersen |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Nørre Havnegade 43, 6400 Sønderborg, Denmark |

# Management's review

## Financial highlights for the Group

| DKK'000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 1,031,996 | 867,881 | 786,689 | 629,839 | 594,561 |
| Gross profit | 98,078 | 75,747 | 67,885 | 37,937 | 28,216 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 54,758 | 40,838 | 35,245 | 15,141 | 8,359 |
| Operating profit/loss | 49,625 | 36,243 | 30,996 | 11,202 | 4,725 |
| Net financials | -4,948 | -4,836 | 1,301 | -3,511 | -4,190 |
| **Profit for the year** | **36,624** | **24,664** | **24,478** | **5,991** | **-1,360** |
| Total assets | 440,164 | 296,882 | 259,477 | 225,502 | 181,892 |
| Investment in property, plant and equipment | -3,197 | -785 | -1,117 | -201 | 0 |
| **Equity** | **88,035** | **49,254** | **42,701** | **18,174** | **11,136** |
| Interest-bearing debt | 89,978 | 53,343 | 34,484 | 96,655 | 58,013 |
| **Financial ratios** | | | | | |
| Operating margin | 4.8% | 4.2% | 3.9% | 1.6 % | 0.5 % |
| Gross margin | 9.5% | 8.7% | 8.6% | 6.0% | 4.7% |
| EBITDA-margin | 5.3% | 4.7% | 4.5% | 2.4% | 1.4% |
| Equity ratio | 20.0% | 16.6% | 16.5% | 8.1% | 6.1% |
| Return on equity | 53.4% | 53.6% | 80.4% | 40.9% | -10.4% |
| Financial gearing | 102.2% | 108.3% | 80.8% | 531.8% | 521.0% |
| **Average number of full-time employees** | 69 | 55 | 48 | 36 | 30 |

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

Ordinary operating profit/loss: Profit/loss before financial items adjusted for other operating income and other operating expenses

Operating margin: $\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$

Gross margin: $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

EBITDA-margin: $\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$

Equity ratio: $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial gearing: $\frac{\text{Net interest-bearing debt x 100}}{\text{Equity}}$

## Management's review

### Business review

The entity´s primary activity is global commerce and distribution of IT equipment and related services.

### Financial review

The eGISS (Group) A/S exceeded sales of 1 billion DKK in 2021. The growth continued at a healthy rate by posting a sales growth of 19%. Gross margin increased by 29% and the group thus had satisfactory margins in 2021. Management is satisfied with the overall sales and margin performance in a challenging market with supply shortages in the IT industry.

There were many highlights of 2021 – but the main ones are:

- Funds managed by EMK Capital became the new majority shareholder in the Group in March.
- Sponsoring the NGO Streetchildren ("Gadens Børn") in Kolkata, India.
- Acquisition of Scriptor Technology A/S in October.

The management believes that eGISS' position in the market has been continuously strengthened due to the signing of additional new contracts with large global corporations and the hence extended awareness of eGISS' value proposition.

### Financial risks and use of financial instruments

The Group runs an international commercial company and is therefore influenced by market developments as well as political developments in various markets. Further, the Group's main operating risk relates to its ability to be strongly positioned in the markets in which its products and services are sold. To reduce those risks, the Group constantly seeks to expand its products and services as well as geographical reach.

Because of its operations, investments and financing, the Group is exposed to exchange and interest rate fluctuations. Management supervises the Group's financial risks.

### Impact on the external environment

The Group's environmental sustainability strategy is to reduce the CO2 footprint by working more systematically with relevant data and identify where and how to reduce the environmental impact. The overall environmental impact is limited because the Group's main activity is wholesale trading.

### Research and development activities

The Entity´s products and services are developed regularly.

### Statutory CSR report

eGISS (Group) A/S has made the Statutory CSR report for the fiscal year 2021, and it is our assessment that this is carried out according to §99a and §99b in the Danish law on Financial Statements.

This Statutory CSR report is part of the Management's Review in the Annual Report for 2021 and covers the period January 1st to December 31st, 2021.

eGISS (Group) A/S is a global IT hardware reseller and logistics partner to international customers with global presence and a strong focus on IT standardization, consolidation, and globalization. In 2021 Print Solutions were added to the product catalogue, and eGISS (Group) A/S now offers a wide range of print hardware as well as managed print solutions.

Our vision is to be world leading and the most preferred IT logistics service provider for truly global companies and their partners.

From multiple OEMs and vendors eGISS (Group) A/S delivers IT devices;

- That are configured and ready-to-use.
- To all our customers' locations around the world.
- At the same global price including freight.
- Without hidden or surprising costs.

## Management's review

- Based on our customers' negotiated OEM prices or negotiated by eGISS.
- Within a few days from receiving the orders.
- Invoiced in major global currencies.

*Or in other words - One Partner - One Contract - One Price*

As part of the service eGISS (Group) A/S also keeps stock on behalf of the customers and is responsible for all logistics regarding deliveries of the IT hardware to the customers' locations. To optimize delivery times, and to make sure that we can offer a sustainable and secure supply chain, eGISS (Group) A/S has expanded its geographical presence in two additional countries, Brazil and Mexico, and now has sales offices and delivery hubs in 8 countries around the world.

Working closely with both manufacturers, customers, suppliers, freight companies and other suppliers, eGISS (Group) A/S is subject to heavy scrutinizing from all our partners in order to meet their high standards of doing business. In 2021 eGISS (Group) A/S has worked on revising contract related documents to ensure responsible governance and mutually agreed codes of conduct and anti-bribery policies. eGISS (Group) A/S Code of Conduct can be found at www.eGISS.net.

eGISS (Group) A/S continues to support UN Global Compact (UNGC) and the 17 Sustainable Development Goals (SDGs). ESG has moved to the top of the business agenda for eGISS (Group) A/S, and our environmental sustainability strategy is to reduce our CO2 footprint by working more systematically with relevant data and identify where and how to reduce our environmental impact. In 2021 eGISS (Group) A/S made the first carbon emission calculations using a UN recognized method that meets the standards of the Greenhouse Gas Protocol. The calculations stipulate a baseline from which we continue to work on our ESG strategy in close collaboration with our business partners and relevant stakeholders.

Being a socially responsible company eGISS (Group) A/S has always focused on securing the best possible working conditions for our employees around the world and when possible, exceed national laws and regulations.

Our social responsibility also reaches beyond ourselves, and in 2021 we initiated a 3-year partnership with Street Children (Gadens Børn), an NGO working with street children in Kolkata, India. Beside pledging a substantial financial contribution, eGISS (Group) A/S has also donated IT equipment to the organization. In addition to this, we also financially support unicef as a "unicef business support", and we have donated funds to various smaller organizations in South Africa supporting underprivileged communities and sustainable businesses as part of our business set-up there.

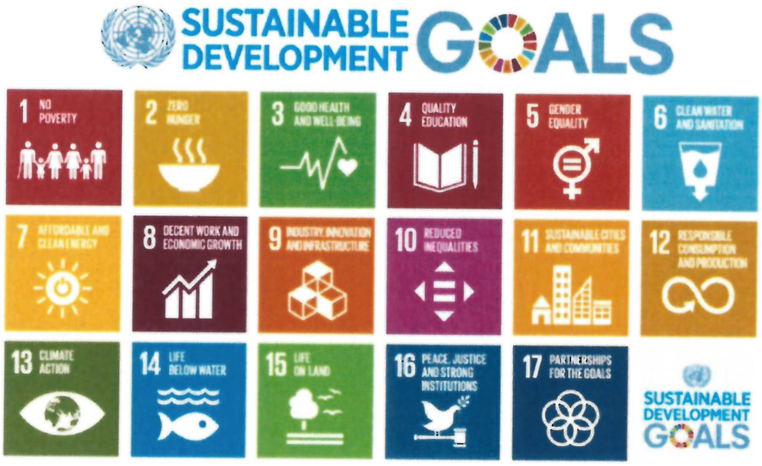
The eGISS (Group) A/S ESG strategy is in the making and will be published on www.eGISS.net in 2022.

In 2021 the focus of the Working Environment Committee has been to secure a covid-safe working environment for all employees, especially those who cannot work from home due to the nature of their work. Further, an extensive renovation of the office premises in Birkeroed has also included meeting current standards and regulations for a healthy working environment.

Below CSR report is built around the 10 UNGC Principles (divided into Human Rights, Labour Rights, Environment, and Anti-Corruption), and the related 17 SDGs, and the annual Communication on Progress (COP) for 2021 will be based on below report and be published on UNGC's website at https://unglobalcompact.org/participation/report/cop/create-and-submit/active/443792 The COP will also be published on www.eGISS.net

## Management's review

The 17SDGs are:




In 2021 eGISS (Group) A/S has focused on:

**Human rights**

**eGISS (Group) A/S pledges to support and respect the protection of internationally proclaimed human rights, and to make sure that we are not complicit in human right abuses.**

- Policy

  eGISS (Group) A/S supports and respects the Universal Declaration of Human Rights and will not do business with neither partners nor customers violating the fundamental human rights.

- Focus (covering SDG 1, 2, 3, 4, 5 and 10)

  Supporting Street Children ("Gadens Børn"). Street Children is a Danish NGO working with street children in Kolkata, India. Their mission is to help the street children to a healthy, safe and opportunity rich future and give them access to quality education, health services, daily meals, security and care. Street Children runs schools, health clinics, a girls' home, an activity centre for mother and infants, and they plan to establish a boarding school where they can care especially for the most vulnerable street children, the girls and the disables kids. Due to covid-19 related restrictions in 2021, the need for support and care has been even stronger, and the donation has been used to support several of the projects run by Street Children. Information on Street Children can be found on https://www.gadensboern.org/

- Results

  Supporting a girls' home giving 35 girls the opportunity of getting a safe home, food, health service and schooling.

  3 day schools where more than 500 children can attend and get basic education.

  Supporting a mobile health clinic attending street children.

  Volunteers and teachers working with Street Children have gotten new and up-dated IT equipment.

- Significant Risks

  No significant risks have been identified.

- Opportunities

  To secure a more sustainable effect of the social work done by Street Children.

## Management's review

- Expectations for the future

  eGISS (Group) A/S is committed to strengthen its future focus on human rights by continuing the support to Street Children in the next two years.

### Labour rights

**eGISS (Group) A/S pledges to uphold the freedom of association and the effective recognition of the right to collective bargaining, to eliminate all forms of forced and compulsory labour, to effectively abolish child labour, and to eliminate discrimination in respect of employment and occupation.**

- Policy

  eGISS (Group) A/S supports and respects the fundamental principles and rights at work as set out by the ILO and national laws. We make sure that all eGISS (Group) A/S employees have contracts, and we have an Employee Policy that clearly states their rights, compensations, and benefits. Further, the Management Group and the statutory Working Environment Committee continuously review the policies governing the working environment to make sure they are compliant with current legislation.

- Focus (covering SDG 3 and 8)

  Securing the working environment having covid- and work-from-home-regulations stated by the national health authorities.

  Securing a healthy work/life balance, taking the covid-regulations into consideration.

  Add more competencies to People and Culture to make sure that we have the right qualifications and people to support the HR strategy of expanding the business.

  Integration of new employees from the acquisition of new business unit.

  Revising the Employee Handbook that governs all eGISS (Group) A/S and write additional employee Handbooks that take national law, regulations, and customs into consideration.

- Results

  Implementation of covid-19 health and safety regulations at eGISS' premises.

  No work-related covid infections among the employees have been reported.

  Work-from-home has been re-introduced according to regulations from national Health Authorities. All employees have been offered to bring home the necessary IT equipment so they could set up a proper workplace.

  Identification of employees who have suffered from working from home, both physically and mentally, and making sure that they got the best possible help and support in working with and overcoming their specific issues.

  Hiring of a HR Partner.

  A successful integration of new employees from business acquisition. All new employees have signed new contracts with eGISS (Group) A/S, and actions were taken to make sure that all new employees felt safe in the new organisational set-up.
  The planned revision of the Employee Handbook and the setup of a new Working Environment organisation was not fully completed. The work will continue into 2022.

  An Employee Handbook for eGISS China was made, making sure that eGISS China fully complies with the national labour laws.

## Management's review

- Significant Risks

  Stress and other health issues due to the special working conditions under covid-19.

  Employees getting covid-19 causing the business to close.

- Opportunities

  Trying out new ways of organizing the work with employees working both from the offices and from home offices.
  Improved Work-life balance.
  A more qualified focus on building the business on an organization with the right people and right professional and personal qualifications.

- Expectations for the future

  eGISS (Group) A/S expects to strengthen its focus on labour rights by continuously improving employee welfare in the future.

### Environment

**eGISS (Group) A/S pledges to support a precautionary approach to environmental changes, to undertake initiatives to promote greater environmental responsibility, and to encourage the development and diffusion of environmentally friendly technologies.**

- Policy

  eGISS (Group) A/S seeks to reduce and minimize our impact on the climate and the environmental consequences of our business activities. We work on our internal processes - garbage, recycling, electricity, reduce waste of food etc., and on our impact receiving and sending goods around the world. We seek partnership wherever possible with manufacturers, customers, and freight partners.

- Focus (covering SDG 9, 11, 12, and 13)

  Recycling of material and garbage from our premises - and a continuous effort to reduce the amount of waste.

  Reducing the amount of plastic used in packing.

  Energy efficiency at our premises - reducing the use of electricity and heating.

  Buying bio-products whenever possible and reduce food-waste.

  Measuring our carbon footprint in general (scope 1, 2 and 3) and especially when sending goods.

  Get reliable and comparable data to support our strategy and efforts in reducing carbon emissions and our impact on the environment and climate.

  A pilot project on carbon emission data from freight partners with the aim of getting valid and comparable emission data and hence identify how og where to reduce carbon footprint of our business.

  Consolidate orders to our customers in order to bring down the amount of shipped orders.

## Management's review

- Results

We recycle about 95% of all cardboard/paper and plastic used at our warehouse in DK by sorting and dispose of it at recycling stations. Used electronics is either resold for re-use or disposed of at recycling stations.

Replacing protective plastic material with renewable paper when repacking orders sent to UK and overseas.

All cardboard used at warehouse in DK is made of 100% renewable material.

Replacing old lamps with new ones using low energy light bulbs at the office premise in Birkeroed, DK.

The construction of a new Warehouse and Deployment Centre in Hinnerup, DK has been started. The new building will be much more energy efficient on all parameters.

About 50% of the products, we consume at the office/warehouse premises are ecologically produced. Food-waste is kept at a minimum as leftovers from lunch are packed to be taken home by the employees.

We made our first carbon emission calculation (scope 1-2-3) using an UN approved method that meets the standards of the Greenhouse Protocol. We now have a 2021 baseline from which we can build the ESG strategy for reducing our impact on the environment and climate.

The carbon emission calculation highlighted the need for getting even more reliable and comparable data, especially from scope 3 partners.

Of the + 60.000 orders received in 2021, we managed to consolidate more that 20,000 of these into just about 5,370 orders. Next step is to measure the exact carbon emission reduction of order consolidation.
Registrations of new delivery hubs in Mexico and Brazil. This will have an impact on the carbon footprint as freight to customers in these two countries will be heavily reduced compared to sending orders from US and DK.

- Significant Risks

Customers, existing as well as new ones, are becoming more and more focused on ESG in relation to their strategic IT procurement. If we do not meet their demands for reliable and valid data documentation on the environmental impact of our business, we might lose the business.

- Opportunities

Using a UN recognised and approved standard for measuring carbon emissions, we can become the first in our industry to supply customers and business partners with reliable, valid and comparable data.

Enhanced partnerships with suppliers and customers on reducing carbon footprint.

Knowing our carbon footprint can help qualify our assessment of where to establish new subsidiaries and delivery hubs as a means of reducing our carbon footprint.

- Expectations for the future

eGISS (Group) A/S expects to strengthen its future focus on reducing the environmental impact by further optimisation of energy consumption.

# Management's review

## Anti-Corruption

**eGISS (Group) A/S pledges to work against corruption in all its forms, including extortion and bribery (10).**

- Policy

  eGISS (Group) A/S has zero-tolerance towards corruption in any form. An explicit and clear Anti-Bribery and Code of Conduct sets the standards and guidelines on dos and don'ts for employees, customers, and business partners.

- Focus (covering SDGs 16 and 17)

  Monitor and secure that our zero-tolerance policy is followed.

  Update existing Code of Conduct and Anti-Bribery policies and integrate these in future customer and supplier contracts.

  Integrate and state our Code of Conduct and Anti-Bribery policies in our supplier and customer contracts.

- Results

  No cases of corrupt practices have been identified.

  Updated template for customer contract includes recognition and acceptance of said policies.

- Significant Risks

  Without a clear, explicit, and unambiguous Code of Conduct and Anti-Bribery Policy we will be excluded from future tenders.

  Employees can – unknowingly – act inappropriately if the Code of Conduct and the Anti-Bribery Policy is not clearly communicated and implemented.

- Opportunities

  eGISS (Group) A/S will be a more attractive business partner for customers and suppliers.

- Expectations for the future

  eGISS (Group) A/S expects to strengthen its future focus on anti-corruption by training all employees on the anti-corruption policy with special focus on gift and kick-back regulations.

## Covid-19

- In 2021, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. eGISS (Group) A/S has made great effort on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic, and no work related covid incidents have been reported. Measures have also been taken to follow up on and ensure the well-being of employees who have had to juggle a difficult work/life balance due to work-from-home regulations.

## Management's review

### Account of the gender composition of Management

### The Board of Directors

- Status - Board of Directors

  With the change of ownership in March 2021, the board of directors at eGISS (Group) A/S consists of 5 men and 0 women. EMK Capital is represented by it's two managing partners in the board of directors and furthermore the CEO, CFO and one other member of the senior management team was elected to the board. At the time of the board election all members of the senior management were males, and the best qualified was chosen.
  It is our target to have at least 1 woman in the Board by 2024.

### Other Management levels

- Status - Other Management Levels

  The current management structure consists of a management group with 5 men and 1 woman, and a group of 10 team leaders, 5 men and 5 women. Overall, the gender distribution in eGISS (Group) A/S is 2/3 men and 1/3 women.

- Policy

  eGISS (Group) A/S works to promote a diversified organization and management team as it contributes to the positive dynamics in the daily work. We focus on rewarding the employees who perform, and we also take seniority and experience into account when promoting employees. Discrimination because of gender, age, religion, nationality etc. is not acceptable, and we consider it discriminatory if a candidate is disregarded based on these factors. The minority gender should at any time have the same opportunities for career and management positions as everyone else based on qualifications, performance, seniority etc. Encouraging an open-minded and unbiased culture, all employees are given equal opportunities to use their skills at the best of their efforts and thus support the ambitions of giving everyone equal career opportunities regardless of gender, age etc.

  eGISS (Group) A/S encourages a reasonable representation of women in the organization. The definition of "reasonable" will at any time depend on the context of the specific vacancy as well as on the proportion of women with the right competences, education, ambitions etc. applying for the specific job.

- Focus

  With regards to new hires, eGISS (Group) A/S continues to encourage a reasonable representation of women in the organization. The definition of "reasonable" will at any time depend on the context of the specific vacancy as well as on the proportion of women with the right competences, education, ambitions etc. applying for the specific job.

  Hiring a so-called "flex-jobber" for a part time facility position.

  eGISS Leadership Program - due to covid it has been postponed to Spring 2022. It will include all team leaders.

- Results

  In 2021 EGISS (Group) A/S had 22 open vacancies all being formulated in such a way that it was obvious that they were open and unbiased to all qualified candidates regardless of gender, age etc., securing that the best qualified candidate would be offered the job. Among both male and female candidates, the best qualified were chosen - 11 women and 11 men.

  eGISS (Group) A/S did not manage to find a "flex-jobber" for the facility position. Instead, a pensioner has been hired.

  Integration of new employees from Scriptor Technology A/S included a "flex-jobber" who is impaired from working full-time due to medical condition.

## Management's review

- Significant Risks

  If eGISS (Group) A/S do not pay attention to having a diversified group of employees, we will miss out on talented employees.

- Opportunities

  With a diversified group of employees, eGISS (Group) A/S will get competencies that can contribute to a continuous development of skills and the business.

### Data ethics

eGISS A/S does not have a policy for data ethics at present, however preparation for and implementation of the policy is underway.

We will ensure compliance with all data protection rules and regulation and keep a strong focus on the principles of equality, non-discrimination, right to privacy and transparency.

A policy for data ethics is expected to be implemented during 2022.

### Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

The management expects a continuation of the growth in 2022 in sales, margins and EBITDA. Management also expects one or more acquisitions to be completed in 2022 and thereby further enhancing the value proposition and presence to the benefit of the customers. The geographical expansion will also continue with presence in Mexico and Brazil being established currently.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Income statement

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2021 | 2020 | 2021 | 2020 |
| 2 | **Revenue** | 1,031,996 | 867,881 | 842,251 | 787,816 |
| | Cost of sales | -1,055,675 | -757,421 | -864,315 | -685,998 |
| | Change in inventories of finished goods and work in progress | 149,573 | -13,342 | 124,801 | -13,342 |
| | Other operating income | 71 | 294 | 0 | 0 |
| | Other external expenses | -27,887 | -21,665 | -22,902 | -18,264 |
| | **Gross profit** | 98,078 | 75,747 | 79,835 | 70,212 |
| 3 | Staff costs | -43,320 | -34,909 | -35,357 | -33,005 |
| 4 | Amortisation/depreciation of intangible assets and property, plant and equipment | -5,063 | -4,301 | -3,570 | -3,114 |
| | **Profit before net financials** | 49,695 | 36,537 | 40,908 | 34,093 |
| | Income from investments in group enterprises | 0 | 0 | 9,017 | 1,994 |
| | Financial income | 2,393 | 1,663 | 1,653 | 1,448 |
| | Financial expenses | -7,341 | -6,499 | -6,894 | -6,337 |
| | **Profit before tax** | 44,747 | 31,701 | 44,684 | 31,198 |
| 5 | Tax for the year | -8,123 | -7,037 | -8,060 | -6,534 |
| | **Profit for the year** | 36,624 | 24,664 | 36,624 | 24,664 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2021 | 2020 | 2021 | 2020 |
| | **ASSETS** | | | | |
| | **Fixed assets** | | | | |
| 6 | **Intangible assets** | | | | |
| | Completed development projects | 5,906 | 4,306 | 5,372 | 4,306 |
| | Acquired intangible assets | 185 | 0 | 0 | 0 |
| | Goodwill | 14,063 | 6,655 | 0 | 0 |
| | | 20,154 | 10,961 | 5,372 | 4,306 |
| 7 | **Property, plant and equipment** | | | | |
| | Fixtures and fittings, other plant and equipment | 3,207 | 1,115 | 3,148 | 1,051 |
| | Leasehold improvements | 89 | 0 | 0 | 0 |
| | | 3,296 | 1,115 | 3,148 | 1,051 |
| 8 | **Investments** | | | | |
| | Investments in group enterprises | 0 | 0 | 47,141 | 31,609 |
| | Deposits, investments | 408 | 212 | 0 | 0 |
| | | 408 | 212 | 47,141 | 31,609 |
| | **Total fixed assets** | 23,858 | 12,288 | 55,661 | 36,966 |
| | **Non-fixed assets** | | | | |
| | **Inventories** | | | | |
| | Finished goods and goods for resale | 217,713 | 68,140 | 180,533 | 55,733 |
| | | 217,713 | 68,140 | 180,533 | 55,733 |
| | **Receivables** | | | | |
| | Trade receivables | 129,844 | 164,771 | 85,607 | 141,595 |
| | Receivables from group enterprises | 11,058 | 0 | 39,553 | 21,953 |
| 11 | Deferred tax assets | 1,286 | 1,467 | 0 | 0 |
| | Other receivables | 17,164 | 14,849 | 15,032 | 13,433 |
| 9 | Prepayments | 683 | 553 | 0 | 553 |
| | | 160,035 | 181,640 | 140,192 | 177,534 |
| | **Cash** | 38,558 | 34,814 | 14,775 | 16,667 |
| | **Total non-fixed assets** | 416,306 | 284,594 | 335,500 | 249,934 |
| | **TOTAL ASSETS** | 440,164 | 296,882 | 391,161 | 286,900 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Balance sheet

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2021 | 2020 | 2021 | 2020 |
| | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| 10 | Share capital | 500 | 500 | 500 | 500 |
| | Net revaluation reserve according to the equity method | 0 | 0 | 6,850 | 0 |
| | Reserve for development costs | 0 | 0 | 4,190 | 3,358 |
| | Fair value reserve exchange rate adjustment | 46 | -2,111 | 0 | -2,111 |
| | Retained earnings | 87,489 | 50,865 | 76,495 | 47,507 |
| | Dividend proposed | 0 | 0 | 0 | 0 |
| | **Total equity** | 88,035 | 49,254 | 88,035 | 49,254 |
| | **Provisions** | | | | |
| 11 | Deferred tax | 0 | 0 | 1,243 | 951 |
| | **Total provisions** | 0 | 0 | 1,243 | 951 |
| | **Liabilities other than provisions** | | | | |
| 12 | **Non-current liabilities other than provisions** | | | | |
| | Deposits | 35 | 0 | 0 | 0 |
| | Other payables | 6,486 | 5,631 | 5,470 | 5,631 |
| | | 6,521 | 5,631 | 5,470 | 5,631 |
| | **Current liabilities other than provisions** | | | | |
| | Bank debt | 128,535 | 88,157 | 125,868 | 88,157 |
| | Prepayments received from customers | 4,922 | 12,074 | 4,922 | 12,074 |
| | Trade payables | 186,089 | 129,416 | 141,730 | 115,534 |
| | Payables to group enterprises | 750 | 0 | 3,233 | 2,470 |
| | Corporation tax payable | 6,870 | 6,690 | 7,481 | 6,518 |
| | Payables to shareholders and management | 0 | 16 | 0 | 0 |
| | Other payables | 11,995 | 5,644 | 8,650 | 6,311 |
| 13 | Deferred income | 6,447 | 0 | 4,529 | 0 |
| | | 345,608 | 241,997 | 296,413 | 231,064 |
| | **Total liabilities other than provisions** | 352,129 | 247,628 | 301,883 | 236,695 |
| | **TOTAL EQUITY AND LIABILITIES** | 440,164 | 296,882 | 391,161 | 286,900 |

1 Accounting policies
14 Contractual obligations and contingencies, etc.
15 Collateral
16 Related parties
17 Fee to the auditors appointed by the Company in general meeting
18 Appropriation of profit

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Statement of changes in equity

| | | Group | | | | |
|---|---|---|---|---|---|---|
| Note | DKK'000 | Share capital | Fair value reserve exchange rate adjustment | Retained earnings | Dividend proposed | Total |
| | Equity at 1 January 2020 | 500 | 0 | 26,201 | 16,000 | 42,701 |
| | Transfer through appropriation of profit | 0 | 0 | 24,664 | 0 | 24,664 |
| | Adjustment of investments through forreign exchange adjustments | 0 | -2,111 | 0 | 0 | -2,111 |
| | Dividend distributed | 0 | 0 | 0 | -16,000 | -16,000 |
| | **Equity at 1 January 2021** | 500 | -2,111 | 50,865 | 0 | 49,254 |
| | Transfer through appropriation of profit | 0 | 0 | 36,624 | 0 | 36,624 |
| | Adjustment of investments through forreign exchange adjustments | 0 | 2,157 | 0 | 0 | 2,157 |
| | **Equity at 31 December 2021** | 500 | 46 | 87,489 | 0 | 88,035 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Statement of changes in equity (continued)

| | | Parent company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Note | DKK'000 | Share capital | Net revaluation reserve according to the equity method | Reserve for development costs | Fair value reserve exchange rate adjustment | Retained earnings | Dividend proposed | Total |
| | Equity at 1 January 2020 | 500 | 0 | 3,453 | 0 | 22,748 | 16,000 | 42,701 |
| 18 | Transfer, see "Appropriation of profit" | 0 | 0 | -96 | 0 | 24,759 | 0 | 24,663 |
| | Adjustment of investments through forreign exchange adjustments | 0 | 0 | 0 | -2,111 | 0 | 0 | -2,111 |
| | Dividend distributed | 0 | 0 | 0 | 0 | 0 | -16,000 | -16,000 |
| | **Equity at 1 January 2021** | 500 | 0 | 3,358 | -2,111 | 47,507 | 0 | 49,254 |
| 18 | Transfer, see "Appropriation of profit" | 0 | 6,804 | 832 | 0 | 28,988 | 0 | 36,624 |
| | Equity transfers to reserves | 0 | -2,111 | 0 | 2,111 | 0 | 0 | 0 |
| | Adjustment of investments through forreign exchange adjustments | 0 | 2,157 | 0 | 0 | 0 | 0 | 2,157 |
| | **Equity at 31 December 2021** | 500 | 6,850 | 4,190 | 0 | 76,495 | 0 | 88,035 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Cash flow statement

| Note | DKK'000 | Group 2021 | Group 2020 |
|---|---|---|---|
| | Profit for the year | 36,624 | 24,664 |
| 19 | Adjustments | 18,349 | 15,812 |
| | Cash generated from operations (operating activities) | 54,973 | 40,476 |
| 20 | Changes in working capital | -63,744 | -28,566 |
| | Cash generated from operations (operating activities) | -8,771 | 11,910 |
| | Interest received, etc. | 2,393 | 1,663 |
| | Interest paid, etc. | -7,341 | -6,499 |
| | Income taxes paid | -7,780 | -6,326 |
| | **Cash flows from operating activities** | -21,499 | 748 |
| | Additions of intangible assets | -5,053 | -2,722 |
| | Additions of property, plant and equipment | -3,197 | -785 |
| | Disposals of property, plant and equipment | 543 | 296 |
| | Acquisition of companies | -6,872 | 0 |
| | Additions of financial instruments | -178 | 0 |
| | **Cash flows to investing activities** | -14,757 | -3,211 |
| | Dividends paid | 0 | -16,000 |
| | Repayments, debt to credit institutions | 40,378 | 34,178 |
| | Other repayments, long-term liabilities | -378 | -396 |
| | **Cash flows from financing activities** | 40,000 | 17,782 |
| | **Net cash flow** | 3,744 | 15,319 |
| | Cash and cash equivalents at 1 January | 34,814 | 19,495 |
| 21 | **Cash and cash equivalents at 31 December** | 38,558 | 34,814 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies**

The annual report of eGISS A/S for 2021 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.

**Basis of 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.

**Reporting currency**

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

**Consolidated financial statements**

*Control*

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

*Preparation of consolidated financial statements*

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 **Accounting policies (continued)**

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

**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.

*Foreign group entities*

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

### Income statement

**Revenue**

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

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.

**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.

**Raw materials and consumables, etc.**

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

**Cost of sales**

Cost of sales includes the cost of goods used in generating the year's revenue.

**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.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Staff costs

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

### Amortisation/depreciation

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

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

| | |
|---|---|
| Completed development projects | 3-4 years |
| Acquired intangible assets | 3 years |
| Goodwill | 10 years |

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

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

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

### 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. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

### Tax

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

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 Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Balance sheet

#### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is useful life which is fixed based on the experience gained by Management for each business area. Useful life is 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 recognized as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortization period used is 10 years. Amortisation period is expected contract duration. Goodwill is written down to the lower of recoverable amount and carrying amount.

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

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

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 2 years and cannot exceed 5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 10 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 Accounting policies (continued)

#### 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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

#### 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".

#### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains and losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

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.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

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

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

#### 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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses 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. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

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

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

#### Equity

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

1 Accounting policies (continued)

*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".

#### 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.

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.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Deferred income

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

#### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

1 **Accounting policies (continued)**

**Segment information**

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

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | DKK'000 | 2021 | 2020 | 2021 | 2020 |
| 2 | **Segment information** | | | | |
| | **Breakdown of revenue by geographical segment:** | | | | |
| | Americas | 127,870 | 74,617 | 40,439 | 39,466 |
| | Apac | 93,617 | 63,582 | 61,329 | 34,400 |
| | Emea | 810,509 | 729,682 | 740,483 | 713,950 |
| | | 1,031,996 | 867,881 | 842,251 | 787,816 |
| 3 | **Staff costs** | | | | |
| | Wages/salaries | 36,746 | 29,906 | 29,515 | 28,002 |
| | Pensions | 3,087 | 2,549 | 2,435 | 2,549 |
| | Other social security costs | 456 | 312 | 376 | 312 |
| | Other staff costs | 3,031 | 2,142 | 3,031 | 2,142 |
| | | 43,320 | 34,909 | 35,357 | 33,005 |
| | Average number of full-time employees | 69 | 55 | 54 | 48 |

Total remuneration to group Management : DKK'000: 1.480 (2020: DKK'000: 0)

**Parent company**

Total remuneration to Management: DKK'000: 1.480 (2020: DKK'000: 0)

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | DKK'000 | 2021 | 2020 | 2021 | 2020 |
| 4 | **Amortisation/depreciation of intangible assets and property, plant and equipment** | | | | |
| | Amortisation of intangible assets | 4,590 | 4,020 | 3,117 | 2,844 |
| | Depreciation of property, plant and equipment | 473 | 281 | 453 | 270 |
| | | 5,063 | 4,301 | 3,570 | 3,114 |
| 5 | Tax for the year | | | | |
| | Estimated tax charge for the year | 8,139 | 6,707 | 7,768 | 6,518 |
| | Deferred tax adjustments in the year | -16 | 250 | 292 | -64 |
| | Tax adjustments, prior years | 0 | 80 | 0 | 80 |
| | | 8,123 | 7,037 | 8,060 | 6,534 |

6 Intangible assets

| | Group | | | |
|---|---|---|---|---|
| DKK'000 | Completed development projects | Acquired intangible assets | Goodwill | Total |
| Cost at 1 January 2021 | 17,312 | 0 | 11,765 | 29,077 |
| Additions | 4,786 | 267 | 8,730 | 13,783 |
| Cost at 31 December 2021 | 22,098 | 267 | 20,495 | 42,860 |
| Impairment losses and amortisation at 1 January 2021 | 13,006 | 0 | 5,110 | 18,116 |
| Amortisation for the year | 3,186 | 82 | 1,322 | 4,590 |
| Impairment losses and amortisation at 31 December 2021 | 16,192 | 82 | 6,432 | 22,706 |
| **Carrying amount at 31 December 2021** | 5,906 | 185 | 14,063 | 20,154 |

| | Parent company |
|---|---|
| DKK'000 | Completed development projects |
| Cost at 1 January 2021 | 17,312 |
| Additions | 4,184 |
| Cost at 31 December 2021 | 21,496 |
| Impairment losses and amortisation at 1 January 2021 | 13,006 |
| Amortisation for the year | 3,118 |
| Impairment losses and amortisation at 31 December 2021 | 16,124 |
| **Carrying amount at 31 December 2021** | 5,372 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

### 7 Property, plant and equipment

| | Group | | |
|---|---|---|---|
| DKK'000 | Fixtures and fittings, other plant and equipment | Leasehold improvements | Total |
| Cost at 1 January 2021 | 2,622 | 0 | 2,622 |
| Additions | 3,098 | 99 | 3,197 |
| Disposals | -741 | 0 | -741 |
| Cost at 31 December 2021 | 4,979 | 99 | 5,078 |
| Impairment losses and depreciation at 1 January 2021 | 1,507 | 0 | 1,507 |
| Depreciation | 463 | 10 | 473 |
| Reversal of accumulated depreciation and impairment of assets disposed | -198 | 0 | -198 |
| Impairment losses and depreciation at 31 December 2021 | 1,772 | 10 | 1,782 |
| **Carrying amount at 31 December 2021** | 3,207 | 89 | 3,296 |

| | Parent company |
|---|---|
| DKK'000 | Fixtures and fittings, other plant and equipment |
| Cost at 1 January 2021 | 2,455 |
| Additions | 3,093 |
| Disposals | -741 |
| Cost at 31 December 2021 | 4,807 |
| Impairment losses and depreciation at 1 January 2021 | 1,404 |
| Depreciation | 453 |
| Reversal of accumulated depreciation and impairment of assets disposed | -198 |
| Impairment losses and depreciation at 31 December 2021 | 1,659 |
| **Carrying amount at 31 December 2021** | 3,148 |

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

## 8 Investments

| DKK'000 | Group<br>Deposits, investments |
|---|---|
| Cost at 1 January 2021 | 212 |
| Foreign exchange adjustments | 18 |
| Additions | 178 |
| Cost at 31 December 2021 | 408 |
| **Carrying amount at 31 December 2021** | 408 |

### Group

| Name | Legal form | Domicile | Interest | Equity DKK'000 | Profit/loss DKK'000 |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| eGISS America Inc. | Inc. | USA | 100.00% | 27,008 | 4,150 |
| eGISS IT Africa Pty | Pty | Sydafrika | 100.00% | -373 | 465 |
| eGISS Hong Kong | Ltd | Hong Kong | 100.00% | -6,932 | 2,045 |
| eGISS Switzerland GmbH | GmbH | Schweiz | 100.00% | 2,915 | 737 |
| eGISS Indonesia | - | Indonesien | 100.00% | -774 | 133 |
| eGISS India | Ltd | Indien | 100.00% | 2,487 | 2,560 |
| Scriptor Technology A/S | A/S | Birkerød | 100.00% | -4,124 | -4,439 |

| DKK'000 | Parent company<br>Investments in group enterprises |
|---|---|
| Cost at 1 January 2021 | 35,933 |
| Additions | 4,358 |
| Cost at 31 December 2021 | 40,291 |
| Value adjustments at 1 January 2021 | -4,324 |
| Foreign exchange adjustments | 2,157 |
| Profit/loss for the year | 9,017 |
| Value adjustments at 31 December 2021 | 6,850 |
| **Carrying amount at 31 December 2021** | 47,141 |

## 9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

| DKK'000 | Parent company 2021 | Parent company 2020 |
|---|---|---|
| **10 Share capital** | | |
| Analysis of the share capital: | | |
| 500,000 shares of DKK 1.00 nominal value each | 500 | 500 |
| | 500 | 500 |

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

| DKK'000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Opening balance | 500 | 500 | 500 | 500 | 500 |
| Capital increase | 0 | 0 | 0 | 0 | 500 |
| | 500 | 500 | 500 | 500 | 1,000 |

| DKK'000 | Group 2021 | Group 2020 | Parent company 2021 | Parent company 2020 |
|---|---|---|---|---|
| **11 Deferred tax** | | | | |
| Deferred tax at 1 January | -1,467 | -1,996 | 951 | 1,014 |
| Recognized in the income statement | -16 | 249 | 292 | -63 |
| Recognized in equity | 197 | 280 | 0 | 0 |
| **Deferred tax at 31 December** | -1,286 | -1,467 | 1,243 | 951 |
| Deferred tax relates to: | | | | |
| Intangible assets | 1,340 | 947 | 1,182 | 947 |
| Property, plant and equipment | -56 | -73 | 61 | 4 |
| Tax loss | -2,570 | -2,341 | 0 | 0 |
| | -1,286 | -1,467 | 1,243 | 951 |

The Group has recognized deffered tax of 1,286 t.DDK The recognition is based on the group earning a profit of more than 12,396 t.DDK in the US over the next 3-5 years. It is the management's estimation that the result will follow the development of recent years and the loss carried forward is expected to be applied within a five-year period.

### 12 Non-current liabilities other than provisions

The long-term debt has not a set due date.

### 13 Deferred income

Relates to deferred revenue.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

14 **Contractual obligations and contingencies, etc.**

**Other financial obligations**

Other rent and lease liabilities:

| | Group | | Parent company | |
|---|---|---|---|---|
| DKK'000 | 2021 | 2020 | 2021 | 2020 |
| Rent and lease liabilities | 210,995 | 119,555 | 201,877 | 117,226 |

**Parent company**

The Company is jointly taxed with its parent, Blue Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2021 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after March 17, 2021.

15 **Collateral**

Bank debt is secured by way of a deposited floating charge nom. 125 MDKK in accounts receivables, simple claims and manufactured goods for sale, other fixtures and goodwill.

The Group has provided a bank guarantee of DKK 79,541 thousand to suppliers.

The Group has guaranteed for a subsidarys debts to credit institutions. The carrying amount of the debt amount to DKK 7,554 thousand at the balance sheet date.

The Group has guaranteed for a subsidiarys supplier debt, where the trade debt amounts to DKK 11,477 thousand, at the balance sheet date.

**Parent company**

Bank debt is secured by way of a deposited floating charge nom. 125 MDKK in accounts receivables, simple claims and manufactured goods for sale, other fixtures and goodwill.

The company has provided a bank guarantee of DKK 72,324 thousand to suppliers.

The Company has guranteed for a subsidarys debts to credit institutions. The carrying amount of the debt amount to DDK 7,554 thousand at the balance sheet date.

A guarantee has been provided for affiliated companys balances with supplier. The carrying amount of the subsidiaries' debt to supplier amount to DDK 11,477 thounsand at the balance sheet date.

The company has provided a bank guarantee of DKK 7,217 thousand to suppliers in subsidiaries and a bank gurantee of DDK 4,412 thousand to a credit institution in a subsidary company.

The company has provided a declaration of support to a subsidiary, to secure its liquidity.

# Consolidated financial statements and parent company financial statements 1 January - 31 December

## Notes to the financial statements

16 Related parties

Group

Information about consolidated financial statements

| Parent | Domicile |
|---|---|
| Blue Holding ApS | Birkerød, Denmark |

Parent company

Parties exercising control

| Related party | Domicile | Basis for control |
|---|---|---|
| Blue Bidco ApS | Birkerød, Denmark | Participating interest |

Transactions with related parties

The Parent company has carried out the following related party transactions in the financial year:

| Related party | Amount | Description of transaction |
|---|---|---|
| | DKK'000 | |
| eGISS America Inc. | 15,345 | Revenue |
| eGISS IT africa Pty | 11,341 | Revenue |
| eGISS Hong Kong | 846 | Revenue |
| eGISS India | 79 | Revenue |
| eGISS Switzerland GmbH | 646 | Royalty |
| Bidco ApS | 5,183 | Management fee |

17 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 Blue Holding ApS.

| | Parent company | |
|---|---|---|
| DKK'000 | 2021 | 2020 |
| 18 Appropriation of profit | | |
| Recommended appropriation of profit | | |
| Net revaluation reserve according to the equity method | 6,804 | 0 |
| Other statutory reserves | 832 | -96 |
| Retained earnings | 28,988 | 24,760 |
| | 36,624 | 24,664 |

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

| | DKK'000 | Group 2021 | Group 2020 |
|---|---|---|---|
| 19 | **Adjustments** | | |
| | Amortisation/depreciation and impairment losses | 5,063 | 4,301 |
| | Financial income | -2,393 | -1,663 |
| | Financial expenses | 7,341 | 6,499 |
| | Financial liabilities | 215 | -362 |
| | Tax for the year | 8,123 | 7,037 |
| | | 18,349 | 15,812 |
| 20 | **Changes in working capital** | | |
| | Change in inventories | -149,573 | 17,364 |
| | Change in receivables | 21,424 | -37,064 |
| | Change in trade and other payables | 62,248 | -6,755 |
| | Other changes in working capital | 2,157 | -2,111 |
| | | -63,744 | -28,566 |
| 21 | **Cash and cash equivalents at year-end** | | |
| | Cash according to the balance sheet | 38,558 | 34,814 |
| | | 38,558 | 34,814 |