Stibo Systems A/S

Axel Kiers Vej 11, DK-8270 Højbjerg

CVR No. 35 82 26 90

Annual report 2019/20

Approved at the Company's annual general meeting on 25 June 2020

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Stibo Systems A/S for the financial year 1 May 2019 – 30 April 2020.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 30 April 2020 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 May 2019 – 30 April 2020.

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.

Højbjerg, 25 June 2020
Executive Board:

Jesper Ejlersen
CEO

Board of Directors:

Carsten Christensen Chairman	Hans Olesen Damgaard	Jesper Ejlersen

Independent auditors' report

To the shareholders of Stibo Systems A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Stibo Systems A/S for the financial year 1 May 2019 – 30 April 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both 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 30 April 2020 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2019 – 30 April 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 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.

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.

Independent auditor's report

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.

Aarhus, 25 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Morten Friis State Authorised Public Accountant mne32732	Søren Jensen State Authorised Public Accountant mne34132

Management's review

Company details

Name	Stibo Systems A/S
Address	Axel Kiers Vej 11, DK-8270 Højbjerg
CVR no.	35 82 26 90
Registered office	Aarhus
Financial year	1 May – 30 April
Website	www.stibosystems.com
Telephone	+45 89 39 11 11
Board of Directors	Carsten Christensen, Chairman Hans Olesen Damgaard Jesper Ejlersen
Executive Board	Jesper Ejlersen, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8100 Aarhus C

Management's review

Financial highlights for the Group

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Revenue	670,007	654,305	607,595	647,566	735,419
Gross profit	444,079	450,872	440,525	462,030	545,334
Operating profit	-75,460	8,117	44,302	24,943	115,217
Profit from financial income and expenses, net	469	2,860	267	-713	2,565
Profit before tax	-74,991	10,977	44,569	24,230	117,782
Profit for the year	-61,876	5,016	31,139	15,697	87,419
Non-current assets	43,540	5,747	2,370	1,377	2,842
Current assets	477,494	503,451	521,206	469,967	591,303
Total assets	521,034	509,198	523,576	471,344	594,145
Share capital	50,000	50,000	50,000	50,000	50,000
Equity	185,319	248,704	274,938	249,695	285,256
Provisions	4,346	1,311	2,751	4,167	15,070
Current liabilities	323,838	259,183	245,887	217,482	293,819
Investments in property, plant and equipment	26,334	4,758	2,452	238	1,637
Financial ratios					
Operating margin	-11.3	1.2	7.3	3.9	15.7
Return on invested capital	-19.2	2.4	14.1	8.0	39.5
Gross margin	66.3	68.9	72.5	71.3	74.2
Solvency ratio	35.4	50.7	52.5	53.0	48.0
Return on equity	-28.5	1.9	11.9	5.9	32.9
Average number of employees	543	467	439	498	470

For terms and definitions, please see the accounting policies.

Management's review

Operating review

What we do

Stibo Systems is an important partner for global companies as they digitize their business models. Our company is recognized as a leading international vendor within the Master Data Management (MDM) market. MDM is fundamentally about bringing structure to the vast amounts of data about customers, products, suppliers, locations, etc. that companies hold. The goal of Stibo Systems is to drive innovation in multidomain MDM, making data transparency a catalyst for better business for a better world and in doing so create competitive advantages for our customers at all times.

Operating review

In the fiscal year 2019/20, Stibo Systems achieved a record high license sale while continuing to invest heavily in the development of our software product portfolio. At the end of the fiscal year, our pipeline of potential new orders remains strong, which gives us a strong foundation for continued growth in 2020/21.

The year can be summarized in three main headings:

1. Continued transition from a business model selling perpetual licenses delivered on-premise to a model revolving around selling software subscription-based licences delivered as a service (SaaS).
2. A high level of investment in product and people to maintain long-term competitiveness in a market undergoing radical change.
3. Record license sales, the value is up more than 15% compared to the previous year.

Introducing Market and Business Performance

As Stibo Systems continues to see a shift from perpetual to subscription licenses, reported revenue and EBIT have become inadequate measures of success year over year as long as the company is transitioning its business model. As the proportion of order intake that comes to revenue during the initial fiscal year decreases, the significantly increasing backlog needs to be taken into consideration to get a full understanding of the company's performance. Furthermore, as Stibo Systems' GAAP only includes revenue on a month by month basis it is difficult to compare to those of our competitors that recognize full first year's bookings in month one according to their GAAP. Combining software related revenue and backlog into Market Performance provides a more complete measure of success continuing to showcase the value the Stibo Systems software creates.

Management's review

Operating review

On top of Market Performance, Business Performance includes all other revenues and all cost items from the annual account. This measure provides insight into the total value created by the business during the fiscal year.

Traditional metrics (DKK)	2016/17	2017/18	2018/19	2019/20
Reported revenue	648M	608M	654M	670M
Subscriptions	221M	247M	296M	375M
Profit before tax	24M	45M	11M	-75M
Equity	250M	275M	249M	185M
Number of employees	498	439	467	543
Market Performance:				
License & support revenues	418M	397M	435M	462M
In-/decrease backlog, licenses & support **	-24M	43M	129M	180M
Total Market Performance	**394M**	**440M**	**564M**	**643M**
YoY		**11,6%**	**28,1%**	**14,0%**
Business Performance:				
Market Performance	394M	440M	564M	643M
Other revenues	229M	211M	219M	208M
Direct and Indirect cost	-623M	-564M	-646M	-746M
Total Business Performance	**1M**	**87M**	**137M**	**105M**

** reference data for change in backlog is not available at this detail level before 2016/17 and cannot be provided with reasonable effort.

The increase in revenue is driven by record licenses sales combined with the effect of previous year's subscription backlog (currently 56% of revenue is recurring compared to 45% last fiscal year). Professional Services revenue was below the year before as more customers were implemented through partners.

As the share of customers who choose multi-year subscription models as opposed to perpetual purchases, there is increased pressure on overall earnings. This is a common trend in the software market and one that our competitors are experiencing as well. Stibo Systems continues to have the resources and financial stability needed to support this change in business model and continue to increase our investment in further developing the product.

Independent analyst Gartner projects that the MDM software market will continue to grow at an average of 3.7% over the next four years, equating to a $1.7B market size in 2024. More interestingly, our market penetration is very low. Stibo Systems sees the potential in the market and an opportunity to capture market share. Hence, we will continue to invest in our unique, agnostic Multidomain Master Management platform. We will expand our cloud offering in line with market expectations, but as we do so, we will make sure that our existing customers will have an upgrade path if and when they decide to upgrade platforms.

Management and ownership of Stibo Systems are firmly committed to creating long term value for our customers and ownership. As the transformation from selling perpetual to subscription software licences will continue, we expect that our revenue numbers will be affected for a number of years to come until a steady stage has been reached, but none the less Stibo Systems is committed to ongoing investments in the product for the benefit of our customers. Management had predicted a modest EBIT result for 2019/20 and during the first 6 months earnings were on plan. In the second half, earnings were affected by a transition in the service market and the COVID-19 pandemic in Q4 leading to an overall unsatisfactory result. As the market transformation continues, we expect to see modest EBIT results over the next couple of years, all in line with the strategy of creating long term value.

Management's review

Operating review

The megatrend of 'digitization' continues to fuel the global MDM market. Despite COVID-19 we see customers investing in this area – in some cases the pandemic has led companies to accelerate their digitization projects. Maintaining a strong position in the future MDM market calls for major investments. Stibo Systems is privileged to have a strong forward-thinking ownership that allows investments in software and associated services to be made continuously as part of the operation and have grown the investments in product and market positioning by +10% compared to the previous year.

Customers

Management is pleased to report that the positive trend of increased sales that was reported for the previous year continued throughout 2019/20 adding more than 65 new customers to the base.

Our list of customers includes approximately 450 companies worldwide.

ISO 27001

Stibo Systems has achieved the ISO 27001 certification, which is the most recognized general security certification globally. It demonstrates to our customers and partners that we are committed to continuously improving our security measures and that they can trust our efforts of protecting their information. The certification relates to an information security management system that oversees the security needs of the organization based on constant risk assessments.

Outlook

The investments in product and market presence will be maintained on a very high level in the coming year. We will continue to fund the investments as part of the running operation. It is our expectation that the pandemic and related negative effects on businesses will dampen the growth of our software sales. Unless the market recovers already in our Q1 we might see a drop in sales year over year. We will be prioritizing investments in the product portfolio but have otherwise aligned our organization with the current situation and expect the company to be profitable in the coming years. As the transition from perpetual to subscription-based software sales models will continue in the coming 2-3 years we expect that earnings in the coming year will be modest. As the order backlog at the beginning of the year is satisfactory, the financial results for 2020/21 is expected to surpass that of 2019/20 and be in the range of 0-10 million DKK.

Particular risks

Currency risks

The Group is exposed to changes in exchange rates as the majority of the Group's revenue is settled in foreign currencies.

Interest rate risks

Due to its equity ratio and financial resources, the Group is only exposed to changes in the interest rate level to a minor extent.

Credit risks

Before new business relations are initiated, a credit rating of the customer is made, and if appropriate and possible, credit risks are hedged by means of insurances with credit insurance companies.

The Group reduces credit risks by issuing progress billings as work progresses.

Management's review

Operating review

Statutory corporate social responsibility statement under section 99a of the Danish Financial Statements Act

Stibo Systems has developed a CSR policy based on the principles of the UN Global Compact. At Stibo Systems, corporate social responsibility (CSR) is not merely something we are committed to as a company, but by the very nature of what we do, it is something we deliver on as a business. By providing our customers the ability to break down barriers that inhibit the flow of – and visibility into – accurate, trustworthy data, we enable them to deliver on their own corporate social, environmental and sustainability agendas. In a marketplace where consumers expect more from brands, accessibility to data can be transformative, and by adoption our solutions our customers can be ahead of competition.

Stibo Systems empowers manufacturers and retailers to build consumer loyalty, accountability and trust, by providing digital business data transparency, from source to final purchase. In doing so, we enable them to provide their customers with the information they need to make informed purchase decisions based on the things they personally care about most, and this in turn will differentiate our customers in the market place.

Delivering this level of access, while maintaining integrity and control, has been essential to our mission since the start. And we are excited about the potential of data to be a force for social good as we move ahead.

The Stibo Systems CSR policy

Stibo Systems defines corporate social responsibility as adhering to standards ensuring that its activities are carried out in an ethically, socially, economically and environmentally sustainable manner. Stibo Systems' activities can potentially have an impact on a wide array of cultures, religions, ethnicities, provinces, territories, and nations. We understand that responsible corporate behavior is to facilitate the development and success of our business activities within the technology space while also contributing to the economic and sustainable development of communities that are affected by our operations.

In alignment with our company principles of conduct Stibo Systems therefore:

- Complies with all applicable local and international laws, including the international human rights standards of the United Nations. Stibo Systems will not tolerate any human rights violations or abuses.
- Carries out its employment practices in accordance with the principles of freely chosen employment. Stibo Systems does not contract with companies that use forced, bonded, exploitive, indentured or involuntary labor practices. Furthermore, Stibo Systems ensures that protections with respect to child laborers, hours of work, employee wages and benefits, employee treatment, freedom of association, health, and safety are at the forefront of its employee-related policies and practices.
- Does not discriminate and provides equal opportunity for all people regardless of race, gender, age, national origin, religion, disability, sexual orientation, marital status or political views.
- Conducts business transactions openly and transparently in accordance with the highest industry-set ethical standards and values. Stibo Systems ensures that corporate practices follow company-stated business principles in terms of business integrity, anti-bribery and corruption, disclosure of information, protection of intellectual property, fair business practices and the protection of suppliers and employees.
- Develops sustainable business practices and products that limit environmental footprints, including the influence on climate change and when relevant also recycling, water conservation.
- Enriches and engages employees through employee-focused development practices and initiatives aiming to ensure appropriate employee morale and foster a collaborative workplace.
- Actively seeks opportunities to make donations to organizations promoting good causes and initiatives.

Management's review

Operating review

Stibo Systems' management has internally delegated power to its legal department for the review and approval of every company initiative to ensure that it complies with the above standards.

As a global leader in the master data management space, Stibo Systems will ensure that its operations promote international business principles and practices. As a company, we value and respect the principles of all communities we work with and remain committed to ensuring that all our employees, management and directors are actively involved in integrating the global CSR policy in our daily work.

The CSR policy is communicated to all employees and other interested parties via the company website.

UN Sustainable Development Goals

The 17 Sustainable Development Goals from the UN are elaborated to be a shared blueprint for peace and prosperity to benefit the people and the planet. These goals need to be taken seriously, and at Stibo Systems we actively make an effort to support the Sustainable Development Goals, and in particular the ones that are most relevant to our business.

Our ambition is to select the goals that match our overall strategy and vision. To make sure we choose the right goals that are both relevant to our business within Master Data Management and something we can have a real impact on, we are working on a formal selection process. This will be conducted as a workshop, where respective participants from the business will be present, including our voluntary CSR ambassadors. When selecting these goals, it is essential that they are suitable for the organization and that we can live up to these goals in the future – making it a long-term commitment. Our desire is to incorporate the selected goals into our future goals and strategy for CSR.

The chosen goals will be incorporated into next years' report, therefore in this years' report, we will focus on the projects that have been realized thanks to the great efforts of the CSR ambassadors and other contributing employees. These projects have been classified into different categories derived through priorities from the CSR strategy.

As a global company working with Master Data Management, our purpose is to make data transparency a catalyst for better business and a better world. This is what we strive for, so we can create the world's most versatile Master Data Management solutions, and help our customers optimize their business, environmental and social performance. Also, as a global organization, we have a responsibility towards our employees, customers, partners, and the environment. This is why we take our corporate social responsibility seriously. As our offices, customers, and partners are located all around the globe, we have to acknowledge the different cultures and priorities there would be. Therefore, three general headlines have been made, leaving room for interpretation, which enables us as a global organization to support the local communities through various initiatives.

Global – Women in Master Data Campaign

Stibo Systems have been working on attracting more female talents to the male-dominated master data management industry, by empowering and inspiring the women who are already in the industry with the goal to realize their professional ambitions. The "Woman in Master Data" campaign started as a marketing initiative in 2019, where women across the industry in different positions and regions were interviewed and then published on our blog and social media.

Outcome

The campaign is ongoing, where we support women mentoring and inspiring each other through events and panels at our conferences to discuss the topic. At the moment this campaign has led to 10+ blog posts and 40+ social media posts, which have been published widely and very well-received.

Management's review

Operating review

Environmental Preservation and Sustainability
Denmark – Carbon Footprint Awareness Campaign

The activities at Headquarters in Denmark are subject to continuous monitoring of energy consumption, and targets for improving energy efficiency are set. There is a direct correlation between energy consumption and emissions of CO2, which affects the climate, and the total emission is shown in the table below.

Energy consumption	Unit	HQ 2016/17[b]	HQ 2017/18[b]	HQ 2018/19[b]	HQ 2019/20
Electricity[a]	ton CO_2 eq	755	704	701	689
Space heating[a]	ton CO_2 eq	271	201	183	134
Total	ton CO_2 eq	1.026	905	884	823

a: Total consumption of energy from the headquarters of Stibo A/S.
b: Calculated by the use of ClimateCalc Basic: www.climatecalc.eu.

The business model at Stibo Systems requires a lot of traveling, particularly flying, since our customers and colleagues are placed all over the world. This results in a considerable amount of CO2 emissions, and to minimize our impact, we started to create awareness of this topic. The German organization *AtmosFair* provided us with a statistical report with calculations of various KPIs, such as the amount of travel conducted, amount of emissions, busiest routes, etc. This is prepared from a dataset of all travels from late 2017 to early 2019. The data from *AtmosFair* have been used to create a series of adverts, which has been published internally on Yammer. Furthermore, a travel checklist was created, which can be used to evaluate if a potential meeting or journey can be handled with video conferencing instead, or if the journey itself can be changed to more environmentally friendly means of travelling.

Outcome

For the full year the increase in business activity has led to an increase in travel activity compared to previous years.

Travel activities	Unit	2016/17[a]	2017/18[a]	2018/19[a]	2019/20
Flights Stibo Systems	ton CO_2 eq	751	698	657	815

a: Calculated by Travel Agency.

As a result of the Covid-19 pandemic, travelling has been significantly reduced in the last couple of months of the year, and this has opened other ways of conducting business internationally. Stibo Systems is actively exploring how to exploit this going forward, as this will have a positive effect on CO2 emission, travel cost and provide a better foundation for work/life balance for employees.

USA – Georgia Commute Options

To reduce the pollution on metro Atlanta's air due to employees commuting, Stibo Systems partnered up with Georgia Commute Options to quantify current effect. Therefore, the team at the Kennesaw location took a survey in November 2019 of round-trip miles, typical time spent during commutes, days they worked from home and options for public transportation. Here the Georgia Commute Options represented the result of the survey to the CSR team and Stibo System US employees.

Management's review

Operating review

Outcome

At the moment 75% of the employees are driving alone to and from work, where 1% is carpooling and 24% are working from home. The employees are commuting 35 miles per working day on average. By driving alone, the annual miles traveled to and from work results in 869,359 miles, which corresponds to an annual consumption of 39,516 gallons of gasoline. This leaves the same CO2 emission as 386,951 pounds of coal burned. The 24% of the employees, who are working from home, have potentially reduced the impact by 273,814 miles, which is the same CO2 emission as 121,874 pounds of coal burned.

Technology Education
Denmark – Stibo Accelerator

The Stibo Accelerator initiative has been going for 6 years, with the primary purpose of ensuring that students are granted the opportunity to work on exciting business-related projects in their semester projects, internships, bachelor and master thesis. The Accelerator's innovation projects are focused on supporting smaller entrepreneurial businesses and students writing their thesis in cooperation with Stibo and Stibo's customers. The initiative also has a positive side effect, in that the students are allowed to be "the red sock in our white laundry" – thus, inspiring Stibo and let the entire organization "take color" of the student's ideas.

The Stibo Accelerator has in the past year completed 18 innovation projects in close cooperation with entrepreneurs, students, and Stibo's customers and partners. In the past year, 33 students and 2 Stibo employees, have had their daily occurrence in the Stibo "innovation laboratory" in Højbjerg. The focal point of the topics for the projects is as always identified through industry-specific research and dialogue with innovative and inventive Stibo-colleagues, customers and partners from all over the world.

The Stibo Accelerator has been integrated as part of Stibo's innovation- and recruiting process, and we see a big interest in our open approach to idea generation and cooperation that both involve customers, partners and field experts outside our normal network. In other words: In the Stibo Accelerator, we are extremely comfortable by *not* being in the comfort zone.

Outcome

The total number of students who have been recruited to the Stibo organization through the Stibo Accelerator is 25.

Community Support
Canada – Meals on Wheels

The Canadian team is part of the Meals on Wheels project which makes nutritious, delicious and affordable meals to seniors, people with physical disabilities and cognitive impairments and individuals suffering from illnesses. They provide meals to these people, by delivering it at their doors.

Outcome

This is an ongoing project for the Canadian office, which takes place once a month for a couple of hours.

India – Karnataka Flood Relief

In August 2019, several districts of Karnataka state in India had been flooded due to incessant rain, tens of thousands of people were affected by the floods. Stibo Systems employees arranged a collection for supply of relief materials to a few of the flood-affected places. Within a short time, we received generous contributions from all the employees and Stibo Systems contributed an equal amount matching the employee contribution. The Haveri district was identified as one of the worst affected areas and ascertained the actual requirements from the affected people and procured the same to ensure the most effective utilization of funds for the needy.

Management's review

Operating review

Outcome

The support included materials such as torch lights, sets of steel plate & tumbler, tarpaulins, material for making temporary shelters, cattle feed and financial support.

Human rights

The group activities of both the operations in Denmark and the rest of the world are governed by the respective national laws on human rights. Danish standards are used as guidelines if and when local requirements are considered to be less demanding.

Stibo Systems is a multicultural company due to the countries in which there are activities and the markets on which they operate. This reflects the company's attitudes towards human rights. Harassment and discrimination are not accepted. Employees in Stibo Systems are free to wear religious symbols at work if they wish.

In 2019/20, Stibo System continued its practice with using an externally controlled whistleblower scheme that allows employees to report concerns of discrimination, illegal activities etc. Stibo Systems have not identified material risk related to human rights and/or discrimination in the workspace. No reports of discrimination incidents were received through the whistleblower scheme.

Social and employee conditions

Stibo Systems has a practice of monitoring employee conditions through satisfaction surveys and by interviewing employees who terminate their positions. No reports of unsatisfactory conditions have surfaced.

The 2019/20 employee satisfaction survey among other things monitored the employee’s perception of physical and psychological health. In the survey the score was 98%/85% favorable. For wellbeing as a theme, the score was 89% favorable.

Anticorruption

All economic activities in Stibo Systems are subject to the accounting laws of Denmark. Activities in the rest of the world are subject to the respective national accounting laws, including the obligation to endorse the accounts by an external auditor. Regardless of local requirements for audits, Stibo Systems will only work with accountants and/or auditors that are affiliated with an organization that is internationally recognized for their professional standards.

The company has fixed procedures for procuring, ensuring that no individual can make a sale of the company's services or make any major purchases without going through at least two layers of approval (double approval of all transactions). Investments are always approved by the Board of Directors of Stibo Systems A/S before starting. Significant merger and acquisition decisions are always approved by the board of Directors of Stibo A/S (parent company).

The company does not accept the use of bribes or facilitation payments.

All employees always have the opportunity to contact the local management if they experience circumstances that are deemed not to be in order. Employees also have the possibility to anonymously use an externally controlled whistleblower scheme that allows employees to report concerns about possible illegal activities or serious breaches of internal policies that may affect the company. Stibo Systems did not receive any reports related to corruptive behavior.

No risk has been identified in relation to corruption in Stibo Systems.

Management's review

Operating review

Goals and policies for the underrepresented gender under section 99b of the Danish Financial Statements Act

In selecting new candidates for Stibo Systems' Board of Directors, emphasis is placed on specific professional and personal skills, qualifications and experience. Stibo Systems believes that a diverse and versatile composition of the board, including the gender distribution, contributes to an innovative organization and a positive working climate. Stibo Systems has the objective of extending, as far as possible, the number of women in the board. Stibo Systems has a goal that one of the members of the Board of Directors elected by the General Assembly should be a woman (representing 33% of the board members elected by the General Assembly) before 2025.

The Status in 2020 is that the board consists of 3 members elected by the General Assembly. Since no qualified female candidates were identified in 2019/20, none of the members in the board of Stibo Systems are women.

Stibo Systems has defined an objective of increasing, as far as possible, the number of women in the management, emphasis is placed on specific professional and personal skills, qualifications and experience. Stibo Systems aspires to have one of each gender represented under final hiring rounds. Current status as per 30 April was that one woman has joined the global management team.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Income statement

		Consolidated		Parent company	
Note	DKK'000	2019/20	2018/19	2019/20	2018/19
	Revenue	670,007	654,305	664,425	646,694
2	Other operating income	0	40	0	12,029
		670,007	654,345	664,425	658,723
	Raw materials and consumables	-21,537	-28,445	-556,823	-500,426
	Other external costs	-204,391	-175,028	-69,765	-52,172
	Gross profit	444,079	450,872	37,837	106,125
3	Staff costs	-512,656	-438,263	-144,216	-125,198
4	Depreciation, amortisation and impairment losses	-6,883	-4,492	-1,674	-944
	Operating profit	-75,460	8,117	-108,053	-20,017
10	Profit of group entities after tax	0	0	20,143	17,914
5	Financial income	1,913	3,630	1,209	3,316
6	Financial expenses	-1,444	-770	-34	-71
	Profit before tax	-74,991	10,977	-86,735	1,142
7	Tax on profit for the year	13,115	-5,961	24,859	3,874
	Profit for the year	-61,876	5,016	-61,876	5,016

Proposed profit allocation

DKK'000		
Proposed dividends	0	0
Transfer to reserve for net revaluation according to the equity method	20,143	17,914
Retained earnings	-82,019	-12,898
	-61,876	5,016

Consolidated financial statements and parent company financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	Consolidated 30 April 2020	Consolidated 30 April 2019	Parent company 30 April 2020	Parent company 30 April 2019
	ASSETS				
	Non-current assets				
8	**Intangible assets**				
	Goodwill	3,760	0	0	0
	Other intangible assets	14,711	0	10,971	0
		18,471	0	10,971	0
9	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	1,122	5,747	31	0
	Leasehold improvements	23,947	0	0	0
		25,069	5,747	31	0
	Investments				
10	Investments in subsidiaries	0	0	81,025	92,857
	Total non-current assets	43,540	5,747	92,027	92,857
	Current assets				
	Receivables				
	Trade receivables	170,773	149,889	23,759	25,757
11	Contract work in progress	11,819	8,839	4,548	3,057
	Receivables from group entities	135,569	155,126	162,319	191,214
12	Deferred tax asset	14,683	167	13,681	0
	Corporation tax	11,311	3,619	10,228	1,454
	Other receivables	10,619	9,241	4,059	2,990
	Prepayments	29,147	23,891	8,010	11,955
		383,921	350,772	226,604	236,427
	Cash	93,573	152,679	6,598	18,136
	Total current assets	477,494	503,451	233,202	254,563
	TOTAL ASSETS	521,034	509,198	325,229	347,420

Consolidated financial statements and parent company financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	Consolidated 30 April 2020	Consolidated 30 April 2019	Parent company 30 April 2020	Parent company 30 April 2019
	EQUITY AND LIABILITIES				
14	**Equity**				
	Share capital	50,000	50,000	50,000	50,000
	Net revaluation acc. to the equity method	0	0	43,372	57,538
	Retained earnings	135,319	198,704	91,947	141,166
	Proposed dividends	0	0	0	0
	Total equity	185,319	248,704	185,319	248,704
	Provisions				
12	Deferred tax	4,346	1,311	0	515
	Total provisions	4,346	1,311	0	515
	Liabilities				
13	**Non-current liabilities**				
	Other payables	7,531	0	7,531	0
	Current liabilities				
	Prepayments from customers	228,547	166,049	57,908	48,565
11	Prepayments for contract work in progress	5,677	6,670	301	905
	Trade payables	11,566	5,401	2,116	2,931
	Payables to group entities	6	0	47,916	18,606
	Corporation tax	507	1,604	0	0
	Other payables	77,535	79,459	24,138	27,194
		323,838	259,183	132,379	98,201
	Total liabilities	331,369	259,183	139,910	98,201
	TOTAL EQUITY AND LIABILITIES	521,034	509,198	325,229	347,420

1 Accounting policies
15 Mortgages, collateral and contingent liabilities
16 Lease obligations
17 Related parties

Consolidated financial statements and parent company financial statements 1 May – 30 April

Statement of changes in equity – Consolidated

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 May 2019	50,000	198,704	0	248,704
Profit for the year	0	-61,876	0	-61,876
Foreign exchange adj. on the translation of foreign entities	0	-1,509	0	-1,509
Distributed dividends	0	0	0	0
Equity at 30 April 2020	50,000	135,319	0	185,319

Statement of changes in equity – Parent company

DKK'000	Share capital	Retained earnings	Net revaluation acc. to the equity method	Proposed dividends	Total
Equity at 1 May 2019	50,000	141,166	57,538	0	248,704
Profit for the year	0	-82,019	20,143	0	-61,876
Foreign exchange adj. on the translation of foreign entities	0	0	-1,509	0	-1,509
Transfer	0	32,800	-32,800	0	0
Distributed dividends	0	0	0	0	0
Equity at 30 April 2020	50,000	91,947	43,372	0	185,319

Consolidated financial statements and parent company financial statements 1 May – 30 April

Cash flow statement

Note	DKK'000	Consolidated 2019/20	Consolidated 2018/19
	Operating profit	-75,460	8,117
	Depreciation	2,635	1,301
	Cash generated from operations (operating activities) before changes in working capital	-72,825	9,418
	Changes in working capital	42,786	21,460
	Cash flows from operating activities	-30,039	30,878
5	Financial income	1,913	3,630
6	Financial expenses	-1,444	-770
	Other adjustments	-2,477	-1,092
	Cash generated from operations (ordinary activities)	-32,047	32,646
	Corporation tax paid	-7,155	-17,020
	Cash flows from operating activities	-39,202	15,626
8	Acquisition of property, plant and equipment	-40,479	-4,758
8	Disposal of property, plant and equipment	107	155
	Cash flows from investing activities	-40,372	-4,603
	Changes in receivables from group entities	19,557	-21,876
	Dividends paid	0	-35,000
	Cash flows from financing activities	19,557	-56,876
	Cash flows for the year	-60,017	-45,853
	Cash and cash equivalents at 1 May	152,679	193,765
	Exchange gains/losses on cash and cash equivalents	911	4,767
	Cash and cash equivalents at 30 April	93,573	152,679

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies**

The annual report of Stibo Systems A/S for 2019/20 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Pursuant to section 96(3) of the Danish Financial Statements Act, please see the annual report of Stibo-Fonden for 2019/20 regarding auditors' fee.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Stibo Systems A/S, and subsidiaries in which Stibo Systems A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date. Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of entities are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity. Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. Income and expenses related to such hedges are transferred from equity by realisation of the hedged item and recognised in the same financial statement item as the hedged item.

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Contract work in progress in respect of delivery of large systems is recognised in revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). Revenue is recognised when total income and expenses relating to the construction contract and the stage of completion at the balance sheet date can be reliably measured, and when it is probable that future economic benefits, including payments, will flow to the Group.

Other operating income

Other operating income comprises items secondary to the primary activities of the Company.

Other external costs

Other external costs comprise items primary to the activities of the Company for the year.

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

Development costs regarding new products are expensed as incurred as the conditions for capitalisation are not considered to have been met. In practice, the development of new products cannot be separated from the continued maintenance of the Group's other products.

Depreciation and amortisation

Comprises depreciation of property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Profits/losses from investments in group entities

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses and amortisation of goodwill.

The proportionate share of the results after tax of the associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Interest expenses are not capitalised.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Stibo Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Stibo Holding A/S is the management company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year, comprising current tax and changes in deferred tax for the year, is recognised in the income statement. The tax expense relating to changes in equity is recognised directly in equity.

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 between 3 and 7 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Other intangible assets include patents and rights acquired, etc.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful life of 3-10 years.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

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

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Investments in group entities

Investments in group entities and associates are measured according to the equity method.

Investments in group entities are measured in the balance sheet at the proportionate share of the entities' net asset value determined in accordance with the parent company's accounting policies less or plus unrealised intra-group gains and losses.

Group entities with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the subsidiary's deficit.

Net revaluation of investments in group entities is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual work in progress is recognised in the balance sheet under either receivables or payables depending on the net value of the sales amount less progress billings and prepayments.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Corporation tax and deferred tax

Payable and receivable joint taxation contributions are recognised in the balance sheet under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. 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 assets, including the tax value of tax loss carryforwards, 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.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities other than provisions

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

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

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

Segment information

The Group only operates within one segment.

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Operating profit/loss x 100}}{\text{Average operating assets}}$
Operating assets	Operating assets are total assets less cash
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

2 Other operating income

The financial statement item substantially comprises income from management fee and other services. Furthermore gains from sales of property, plant and equipment.

		Consolidated		Parent company	
	DKK'000	2019/20	2018/19	2019/20	2018/19
3	**Staff costs**				
	Wages and salaries	461,634	399,836	136,192	118,031
	Pensions	19,604	16,250	7,681	6,816
	Other social security costs	31,418	22,177	343	351
		512,656	438,263	144,216	125,198
	Average number of full-time employees	543	467	165	148

Pursuant to sections 98b (3) of the Danish Financial Statements Act, there is no information about remuneration to the Executive Board.

4	**Depreciation, amortisation and impairment losses**				
	Other intangible assets	1,366	0	140	0
	Fixtures and fittings, other plant and equipment	997	1,301	1	44
	Leasehold improvements	272	0	0	0
	Minor new acquisitions	4,248	3,191	1,533	900
		6,883	4,492	1,674	944
5	**Financial income**				
	Other financial income	1,913	3,630	1,209	3,316
6	**Financial expenses**				
	Other financial expenses	1,444	770	34	71
7	**Tax on profit for the year**				
	Current tax for the year	-1,137	7,274	-10,228	-1,453
	Adjustment of deferred tax	-11,543	-1,128	-14,196	-2,236
	Changes to prior year	-435	-185	-435	-185
		-13,115	5,961	-24,859	-3,874

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

8 Intangible assets

DKK'000	Consolidated		Parent company
	Goodwill	Other intangible assets	Other intangible assets
Cost at 1 May 2019	0	0	0
Foreign exchange adjustments in foreign entities	0	33	0
Additions	3,760	12,638	11,111
Disposals	0	0	0
Transfer	0	3,615	0
Cost at 30 April 2020	3,760	16,286	11,111
Depreciation charges at 1 May 2019	0	0	0
Foreign exchange adjustments in foreign entities	0	-2	0
Amortisation charges	0	-1,366	-140
Disposals	0	0	0
Transfer	0	-207	0
Amortisation charges at 30 April 2020	0	-1,575	-140
Carrying amount at 30 April 2020	3,760	14,711	10,971
Amortised over	3-7 years	3-7 years	3-7 years

9 Property, plant and equipment

DKK'000	Consolidated		Parent company
	Fixtures and fittings other plant etc.	Leasehold improvements	Fixtures and fittings other plant etc.
Cost at 1 May 2019	14,205	0	6,002
Foreign exchange adjustments in foreign entities	8	71	0
Additions	676	23,405	32
Disposals	-1,316	0	-707
Transfer	-4,427	812	0
Cost at 30 April 2020	9,146	24,288	5,327
Depreciation charges at 1 May 2019	-8,458	0	-6,002
Foreign exchange adjustments in foreign entities	-1	-23	0
Depreciation charges	-997	-272	-1
Disposals	1,179	0	707
Transfer	253	-46	0
Depreciation charges and impairment losses at 30 April 2020	-8,024	-341	-5,296
Carrying amount at 30 April 2020	1,122	23,947	31
Depreciated over	3-10 years	3-10 years	3-10 years

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

DKK'000	Parent company 2019/20	Parent company 2018/19
10 Investments in subsidiaries		
Cost at 1 May	35,319	35,318
Additions	2,334	1
Cost at 30 April	37,653	35,319
Value adjustments at 1 May	57,538	60,816
Foreign exchange adjustments, foreign group entities	-1,509	3,750
Profit of group entities after tax	20,143	17,914
Dividends	-32,800	-24,942
Adjustments at 30 April	43,372	57,538
Carrying amount at 30 April	81,025	92,857

Name	Registered office	Voting rights and ownership
Stibo Systems Inc.	USA	100%
Stibo Systems Healthcare Inc.	USA	100%
Stibo Systems Ltd.	England	100%
Stibo Systems GmbH	Germany	100%
Stibo Systems S.A.S	France	100%
Stibo Systems Asia Ltd.	Hong Kong	100%
Stibo Systems Korea Ltd.	South Korea	100%
Stibo Systems Japan	Japan	100%
Stibo Systems Hong Kong Ltd	Hong Kong	100%
Stibo Systems China Ltd.	Hong Kong	100%
Stibo Software Ltd.	China	100%
Stibo Systems China Ltd.	China	100%
Stibo Systems Pty. Ltd.	Australia	100%
Stibo Systems B.V.	Holland	100%
Stibo Systems Sârl	Switzerland	100%
Stibo Systems Inc.	Canada	100%
Stibo Systems Do Brazil Ltda.	Brazil	100%
Stibo Systems AB	Sweden	100%
Stibo Systems Columbia	Columbia	100%
Stibo Systems Spain S.L.	Spain	100%
Stibo Systems México	Mexico	100%
Stibo Systems India Private Limited	India	100%

DKK'000	Consolidated 2019/20	Consolidated 2018/19	Parent company 2019/20	Parent company 2018/19
11 Contract work in progress				
Recognised as follows:				
Contract work in progress	11,819	8,839	4,548	3,057
Prepayments for contract work in progress	-5,677	-6,670	-301	-905
	6,142	2,169	4,247	2,152

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

DKK'000	Consolidated 2019/20	Consolidated 2018/19	Parent company 2019/20	Parent company 2018/19
12 Deferred tax				
Deferred tax at 1 May	1,144	2,337	515	2,751
Foreign exchange adjustments	62	-65	0	0
Changes for the year, see note 7	-11,543	-1,128	-14,196	-2,236
Deferred tax at 30 April	-10,337	1,144	-13,681	515
Deferred tax asset	-14,683	-167	-13,681	0
Deferred tax liability	4,346	1,311	0	515
	-10,337	1,144	-13,681	515

13 Non-current liabilities other than provisions

The Group and parent companies non-current liabilities at 30 April 2020 comprise deffered holiday pay where the payment is more than 12 months from the balance sheet date. All the non-current liabilities are due within 5 years.

14 Equity

The share capital comprises 50,000 shares of DKK 1,000 nominal value each. All shares rank equally. The share capital has remained unchanged since establishment.

Proposed profit allocation

DKK'000	2019/20	2018/19
Proposed dividends	0	0
Transfer to reserve for net revaluation according to the equity method	20,143	17,914
Retained earnings	-82,019	-12,898
	-61,876	5,016

15 Mortgages, collateral and contingent liabilities

Parent company

The Company is jointly taxed with other Danish group companies. As group company, together with the other group companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

The jointly taxed companies known net liabilities to SKAT are recognised in the financial statements of the administrative company, Stibo Holding A/S. Any subsequent corrections to the joint taxation income and withholding taxes, etc. may imply that the Company's liabilities increase.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

16 Lease obligations

Parent company

The Company has entered into rent obligations with a term of 1 year totalling DKK 4.7 million (2018/19: DKK 4.6 million).

Other lease obligations (operating leases) falling due within 5 years total DKK 0.8 million (2018/19: DKK 1.3 million).

Consolidated

The Group has entered into rent obligations falling due within 10 years and totalling DKK 131.8 million (2018/19: DKK 138.2 million).

Other lease obligations (operating leases) falling due within 5 years total DKK 1.5 million (2018/19: DKK 1.6 million).

17 Related parties

Parties exercising control

The Stibo-Fonden, Axel Kiers Vej 11, 8270 Højbjerg.

Stibo Systems A/S is wholly-owned by Stibo A/S, Aarhus, whose ultimate parent company is the Stibo-Fonden, Aarhus.

Related party transactions

Related parties comprise the Stibo-Fonden and subsidiaries in which Stibo-Fonden directly or indirectly controls.

Transactions in 2019/20 with related parties:

DKK'000	Consolidated	Parent company
Income[1]	456	599,193
Expenses[1]	22,271	591,389
Net financial income and expenses[2]	0	0
Receivables from group entities[3]	135,569	162,319
Payables to group entities[3]	6	47,916

[1] Includes sales and purchases of goods and services.
[2] Includes financial items related to intercompany financing.
[3] Includes receivables and payables related to sales and purchases of goods and services and intercompany financing.

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