Conscia A/S

Kirkebjerg Parkvej 9, 2., DK-2605 Brøndby

Annual Report for
1 October 2021 - 30 September 2022

CVR No. 36 45 09 83

The Annual Report was presented and adopted at the Annual General Meeting of the company on 8/12 2022

Jacob Bryde Christensen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Conscia A/S for the financial year 1 October 2021 - 30 September 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and the Group and of the results of the Company and Group operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Brøndby, 8 December 2022

Executive Board

Erik Gunnar Bertman Chief Executive Officer	Jacob Bryde Christensen Chief Financial Officer

Board of Directors

Morten Marc Hübbe Chairman	Sisse Fjelsted Rasmussen	Jess Ørgaard Libak Tropp
Emil André Schacher	Anne Sophie M Lotgering	

Independent Auditor's report

To the shareholder of Conscia A/S

Opinion

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 September 2022 and of the results of the Group's and the Parent Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Conscia A/S for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 about 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 these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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

Hellerup, 8 December 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen	Thomas Baunkjær Andersen
State Authorised Public Accountant	State Authorised Public Accountant
mne28705	mne35483

Company information

The Company	Conscia A/S Kirkebjerg Parkvej 9, 2. DK-2605 Brøndby CVR No: 36 45 09 83 Financial period: 1 October 2021 - 30 September 2022 Incorporated: 2 December 2014 Financial year: 8th financial year Municipality of reg. office: Brøndby
Board of Directors	Morten Marc Hübbe, chairman Sisse Fjelsted Rasmussen Jess Ørgaard Libak Tropp Emil André Schacher Anne Sophie M Lotgering
Executive board	Erik Gunnar Bertman Jacob Bryde Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Group Chart

Company	Residence	Ownership
Conscia A/S	**Denmark**	
Conscia Nederland B.V.	Holland	100 %
RedLogic B.V.	Holland	100 %
Conscia Danmark A/S	Denmark	100 %
NIL d.o.o.	Slovenia	100 %
NIL Data Communications Africa (PTY) LTD	South Africa	26 %
xevIT GmbH	Germany	100 %
Sigeso GmbH	Germany	100 %
Conscia Norway AS	Norway	100 %
Conscia Sverige AB	Sweden	63 %
Conscia U.S., Inc.	USA	100 %

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	Group				
	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	3,276,862	2,750,111	2,291,915	1,949,758	1,545,200
Gross profit/loss	939,756	850,206	693,729	520,443	462,818
EBITDA	333,316	292,108	258,003	202,685	180,965
EBITDA Normalized*	351,735	311,571	266,365	222,803	185,896
EBITA	280,674	246,330	219,515	156,829	176,938
Profit/loss of financial income and expenses	-109,284	-89,606	-84,226	-65,909	-24,333
Net profit/loss	26,010	13,404	18,764	10,899	62,288
Balance sheet					
Balance sheet total	2,655,810	2,374,421	2,247,485	1,899,176	1,474,816
Investment in property, plant and equipment	48,348	61,784	33,396	78,194	1,441
Equity	402,859	350,116	371,247	290,626	459,263
Number of employees	894	838	699	501	341
Ratios					
Gross margin	28.7%	30.9%	30.3%	26.7%	30.0%
EBITDA ratio	10.2%	10.6%	11.3%	10.4%	11.7%
EBITDA normalized ratio	10.7%	11.3%	11.6%	11.4%	12.0%
EBITA ratio	8.6%	9.0%	9.6%	8.0%	11.5%
Profit margin	5.6%	5.5%	5.9%	5.5%	8.0%
Return on assets	6.9%	6.3%	6.0%	5.6%	8.4%
Solvency ratio	15.2%	14.7%	16.5%	15.3%	31.1%
Return on equity	6.9%	3.7%	5.7%	2.9%	16.4%

In 2018/19 the leasing (IFRS 16) and revenue recognition (IFRS 15) accounting policies were amended. The comparative figures have not been adjusted for the change of policy for 2017/18. Reference is made to the accounting policies.

Key figures for the financial year 2018/19 have been adjusted, due to the fact the revenue (IFRS 15) for the financial year was not presented correctly. The adjustment has affected: Revenue, Gross profit, EBITDA, EBITDA normalized, EBITA and Net profit/loss.

* Normalized EBITDA is adjusted for non-recurring costs.

Management's review

Key activities

The main activities of Conscia A/S (the "Company" or the "Parent Company") consist of owning the Conscia group, including its direct and indirect subsidiaries (the "Group"), and capital shares of the affiliated companies.

In the following sections, the management review will describe the development in the Group's top operating company Conscia A/S (Conscia), and address business activities, strategy, sustainability, and risk management from the perspective of Conscia A/S. The governance section covers the structure of the reporting entity, Conscia A/S

Organizational structure

All companies in the Group are, directly or indirectly, owned 100% Conscia A/S, except NIL Data communications, which is indirectly owned 26%.

As of 30 September 2022, Conscia had 952 employees, an increase of 10 % (88 employees) since September 2021. 733 employees (77%) are located outside Denmark.

Conscia in brief

Conscia is a leading European IT specialist in networking, cybersecurity, and cloud, providing secure infrastructure solutions and 24-7 managed services to clients with a complex network, data center, cloud, IoT, and mobility demands. Conscia delivers best-in-class technical competencies and insights, and as a trusted advisor strives to support customers' business-critical technology systems across the entire life cycle from design, implementation, operation, to optimization.

Founded in 2003, Conscia today has almost 1000 employees serving some of the largest organizations within financial services, healthcare, public sector, manufacturing, utilities, and retail from offices in Denmark, Sweden, Norway, Germany, the Netherlands, and Slovenia.

Conscia aims to be the best place to work in Europe for talented IT specialists with deep technical expertise.

For more information, please visit www.conscia.com.

Ambition

<u>Conscia ambition 2025</u>

The long-term ambition of Conscia is to become the preferred networking, cybersecurity, and cloud infrastructure partner in Europe for customers and vendors. We want to enable secure digitalization 24/7 for organizations and build a Conscia that attracts, retains, develops, and excites the best people in the industry.

<u>Conscia strives to:</u>

As a leading European IT specialist in networking, cybersecurity, and cloud, we provide secure infrastructure solutions and 24-7 managed services to customers with complex network, data center, cloud, IoT, and mobility requirements. In doing this, we strive to:

- Deliver best-in-class mission-critical IT infrastructure & services throughout the entire lifecycle.
- Be the most attractive and admired place to work for talented IT infrastructure & cybersecurity specialists.
- Contribute to the sustainable transformation of society by operating responsibly and transparently in terms of environmental, social, and ethical standards.
- Deliver continued double-digit revenue growth and market share gains.

Strategy execution

In the financial year 2021/22, Conscia continued to execute its Network of Knowledge strategy. While the core of this strategy and ambitions remain unchanged since the launch in 2019, Conscia reviews specific strategic priorities and targets every year.

Management's review

In financial year 2021/22 focus was on:

● Growing 24/7 Services: Conscia has accelerated the growth in new Service offerings, especially in the areas of cybersecurity and software-defined networking and strengthened focus on delivering Services from anywhere in the company to its customers.

● Strengthening Solutions: Conscia continued to strengthen its leadership in Cisco offerings and has expanded its expertise and offerings to cover a broader strategic portfolio, including Palo Alto, VMware, Microsoft, and AWS in relevant areas.

● Becoming One Conscia: Conscia continue to build competence and common systems to ensure customers across our markets will benefit from all our competence and offerings independent of which country they engage in with Conscia. Conscia enables our employees to work across our countries in each technology area to offer and connect the best experts in the market. Conscia enable this through a common HR system and IT tools, and we further developed our proprietary asset management system CNS as well as common operation center platforms.

Our performance last year was recognized by several partner awards from Cisco, Palo Alto Networks, and VMware. We are particularly proud of the 3 EMEA-wide Cisco awards, Cloud Partner of the Year: Conscia Netherlands, Enterprise Networking & Meraki partner of the Year: Conscia Denmark, Managed Services Delivery Excellence: xevIT – part of Conscia. The broad selection of partner awards achieved by Conscia this year shows our customers we can be their partner of choice in a broad range of complex technologies. And they reflect that our strategy to invest in people, knowledge, and how we go to market is paying off.

Development in the year

Revenue was DKK 3,277 million, corresponding to a growth of 19% versus last year and in line with expectations. Revenue growth was driven by a particularly strong performance in Software subscriptions, with the acquisition of RedLogic also contributing to the growth. Conscia continues to have a healthy mix of organic and inorganic growth.

Normalized EBITDA came to DKK 351 million, a growth of 14% versus last year and in line with expectations. In addition, the number of employees grew in line with the expectation of adding more than 50 additional employees. Conscia continued its investments in IT, common platforms, HR and group functions to deliver on growth plans. Expectations for 2022/23 are that growth continues on a similar trajectory as that seen in 2021/22.

A number of countries have been negatively impacted by longer delivery cycles on products linked to the global shortage of semiconductors and ongoing issues in the global logistics environment. However, there was some easing in this situation during the final quarter of the year.

Management considers the results satisfactory.

Corporate Governance

This section covers the governance of Conscia A/S, but as the main activities of Conscia A/S consist of owning Conscia and capital shares of the affiliated companies, any reference to activities and conditions in the Company refer to Conscia A/S apart from Board of Directors and Executive Board composition and activities.

By virtue of its Private Equity ownership, Conscia A/S is subject to “Guidelines for responsible ownership and good corporate governance” as defined by the Danish Venture Capital and Private Equity Association. The guidelines are available at DVCA’s website, www.dvca.dk.

Management's review

The organization of management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act, and the Company's articles of association. The Company has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Board have two distinct roles. The Executive Board undertakes the operational management of the Company, whereas the Board of Directors determines the overall company strategy and acts as an active sparring partner to the Executive Board. In addition, the Board of Directors uses committees for special tasks. Thus, an audit committee has been established. Board meetings and audit committee meetings are held four to five times a year.

Gender diversity and composition of Board of Directors and Executive Board

As of 30 September 2022, The Board of Directors of Conscia A/S consisted of 5 people, two women and three men. The Executive Board consists of two men, the CEO and the CFO.

The target is that at least 3 out of 7 members of the Board of Directors and Executive Management level are women by 2023. Conscia's long-term ambition is to have a balanced representation in the Board of Directors.

Conscia aims to attain a more balanced gender split in its leadership positions at all management levels. By the end of 2021/2022, female workers constituted 20% of all employees, and 11% of managers and team leads were women. The policy is to employ and promote the most qualified people, regardless of gender, and to give all qualified candidates equal access to leadership positions.

Conscia's continued effort in this regard includes, among others, a raise of public awareness, collaborations with educational institutions, and social events, just as the company generally seeks to promote an organizational culture where all employees respect each other as equals.

<u>The Board of Directors</u>

Chairman of the Board of Directors, Morten Hübbe is also CEO of Tryg A/S since 2011 and member of SimCorp A/S' Board of Directors since 2018, and Vice-chairman since 2019. Chairman of SimCorp A/S' Nomination and Remuneration Committee since 2019 and Chairman of Siteimprove since 2020.

Board member Jess Tropp is Director, Nordic Capital Investment Advisory A/S and board member of Unisport and Chairman of Rokoko Electronics. Also, chairperson of the Audit Committee in Conscia.

Board member Emil Schacher is CEO and Chairman of the board at BCT Consulting GmbH.

Board member Sisse Fjelsted Rasmussen is CFO at Stark Group and a member of the board of directors at Demant and AltaPay.

Board member Anne Sophie Lotgering is Chief Enterprise Market Officer at Proximus.

Share based remuneration

To encourage common goals between key employees and the Company's strategy, an investment program for management, external board members, and a number of employees was established in 2019. Please see note 6 for further information.

Risk

Conscia is exposed to uncertainties and risk factors, which may affect some or all its activities.

Contractual risks

As Conscia's business model is founded on extensive partnerships, it is essential to secure that vendor contracts, or other agreements do not impose abnormal obligations on Conscia nor are drafted in an unbalanced manner with regard to the protection of Conscia's business. Therefore, before entering any agreements, suppliers are thoroughly evaluated regarding financial solidity, delivery quality, timeliness, and overall reliability, according to the Company's policies.

Employee risks

Conscia acknowledges that the employees are its most important asset. As Conscia's business model is founded on IT consultancy and extensive partnerships, having the right competencies is vital.

Therefore, it is important that Conscia continues to attract, retain and develop skilled employees, and thus, Conscia has initiated several activities to strengthen employer branding, employee experience, and not least constant development of skills and competencies in the organization. Failure to do so will negatively impact the continued development of the Company. The increased competition for new employees during the course of the last year has resulted in talent acquisition and attraction being prioritized as a key focus for the new financial year.

Currency risks

Conscia is exposed to currency fluctuations in the countries where it has its main activities. The risk relates primarily to the rise/fall in USD, as almost all hardware and software are purchased in USD. It is a Company policy to seek to offset exchange-rate risks by matching revenue, as well as positive cash flow, against costs in the same currencies. If this is not possible, the currency exchange risk is hedged via foreign exchange contracts. No speculative currency positions are taken.

Exchange rate fluctuations related to the translation of the results and inter-company balance of foreign subsidiaries at the balance sheet date constitute a risk. The Company does not hedge this type of risk. Consequently, in the short term, Conscia may be affected by exchange rate fluctuations related to the translation of the results and inter-company balance of subsidiaries into DKK.

Credit Risk

Due to Conscia´s customer composition, which primarily consists of public and large and robust companies, the credit risk is assessed as minimal – and monitored daily by the Finance department, according to Group policies.

IT risks

Conscia uses IT significantly and is vulnerable to interruptions of operation and breaches of the established security. Conscia has many IT security specialists that assist its clients but also support improving its own IT security to ensure that a high level of security is always maintained.

Additionally, an internal IT Information Security Policy secures the employees are knowledgeable about the best possible way of minimizing the risk of exposing or losing data in case of accidents, theft, intentional and unintentional data leaks or direct attacks. All employees across the Group have been trained in the Security Policy, and proper adoption has been ensured.

The Audit Committee assists the Board of Directors with reviews of financial reporting processes, review of internal control systems, including risk management, and the ongoing dialogue with the external auditor.

Research and development activities

Conscia does not conduct research but continuously develops internal systems and tools to support its customers' business.

Intellectual capital resources

To some extent, Conscia is dependent on attracting and retaining employees who can continue the development of the core solutions and services. However, due to the size of our technical resource pool, this risk is manageable.

Unusual events

A number of countries have been negatively impacted by longer delivery cycles on products linked to the global shortage of semiconductors and ongoing issues in the global logistics environment. However, there was some easing in this situation during the final quarter of the year.

The increase in other external expenses is due to an increase of DKK 34 million in costs related to consultants and external advisors related to projects.

Uncertainty relating to recognition and measurement

For a description related to uncertainty relating to recognition and measurement, a reference is made to note 2 – "Critical accounting estimates and judgments".

Outlook for 2022/2023

Conscia is well-positioned in an attractive market that is impacted by several positive trends, e.g., shift to hyper-converged infrastructures and software-defined networks, cloud transformation, increased cybersecurity risks, and cost of network failures. For 2022/23, Conscia expects to deliver growth in both revenue and normalized EBITDA and add more than 50 employees compared with 2021/22.

This view is considered to be the most likely scenario. However, world events beyond the control of Conscia, such as the war in Ukraine, increased inflation and interest rates, have increased the risk of a European or Worldwide downturn. Conscia acknowledges that a negative development in the general business environment could impact Conscia's ability to deliver the expected results.

Ownership

Conscia A/S is 100% directly owned by AX IV CON ApS

Events subsequently to the financial year

No events have occurred after the end of the reporting period that influence the evaluation of the Consolidated Financial Statements.

Environment, Social, and Governance

This ESG section of the Annual Report 2021/22 constitutes the statutory statement on social responsibility of Conscia A/S and its subsidiaries covering 1 October 2021 to 30 September 2022 in accordance with section 99a of the Danish Financial Statements Act.

Conscia always strives to comply with applicable legislation and is a member of the UN Global Compact. Conscia has developed policies for the ethical conduct of the business and continuously aims to improve its performance within all four areas of the Global Compact – Environment, Ethics, Human Rights, and Labor Rights.

In 2022 Conscia published its first Sustainability Report, covering the financial year from 01 October 2020 to 30 September 2021. Understanding our environmental impact is the first step in our ambition to become a more sustainable enterprise.

Management's review

<u>Conscia's business model</u>

Conscia is a full-service IT consultancy and infrastructure provider throughout the value chain. Conscia's offerings are categorized into two business areas: Solutions and Services. Through its Solutions offerings, Conscia provides the design and implementation of network, cybersecurity, and cloud infrastructure for customers, including accompanying hardware and software.

Through services, Conscia provides 24/7 vendor, own-developed, and managed IT services to customers by not only supporting IT solutions but also actively operating and monitoring hardware and software installed by Conscia. Conscia's total revenue for the year ended 30 September 2022 was DKK 3,277 million, and the company had 952 employees on 30 September 2022. For further information about the company's key financials and results, please refer to page 4.

<u>Sustainability and IT</u>

Through digitalization, cloud solutions, and the Internet of Things, the IT industry possesses the ability to globally revolutionize the way business is conducted, and resources are allocated. By providing digital solutions and services, Conscia contributes to a solid and reliable digital foundation for society.

It is Conscia's ambition to deliver and service some of the most society-critical administrative systems and complex IT infrastructure solutions available on the market, allowing its customers to safely focus their efforts on creating value for customers, employees, society, and other stakeholders.

<u>Materiality assessment</u>

A materiality assessment involving stakeholders from inside and outside Conscia has established an overview of the company's most material aspects related to the four areas of the UN Global Compact. Thus, Conscia's sustainability focus areas are:

1. Data security and privacy
2. Climate & environmental impact
3. Hardware life cycle management
4. Business integrity
5. Green IT
6. Employee training and development

In addition, Conscia has identified the following areas where the company needs to perform well to support the business strategy and meet stakeholder expectations: Socially responsible operations, diversity, working conditions, and student programs & knowledge sharing.

<u>Sustainability objectives</u>

Conscia has defined the following sustainability objectives based on our materiality analysis:

● Environmental responsibility: Committing to keep reducing our environmental footprint as a company while at the same time helping our customers reduce their environmental footprint through green and sustainable IT solutions.

● Social engagement: Investing in diverse IT talent and education to unfold digital capabilities while applying our expert knowledge and competencies to benefit the community and society at large.

● Governance: Ensuring that the company's business decisions are based on good corporate governance living up to our ESG commitments.

Conscia has continued to use a hybrid working model, which has resulted in less per capita travel overall than prior to the COVID-19 pandemic.

Our Working from Home Policy, unrelated to future COVID-19 developments, will continue to allow employees to partially work from home, helping to lower costs, CO_2 emissions, and time spent related to commuting while also providing more flexibility to enhance a better work-life balance.

Environmental responsibility

Conscia is committed to reducing its climate impact and has implemented procedures and initiatives to reduce the company's greenhouse gas (GHG) emissions and resource consumption. Daily operations are monitored and regularly updated to utilize modern power-saving infrastructures both in terms of energy consumption and energy sourcing. The biggest contribution to GHG savings is through the customers' solutions and service choices. Conscia seeks to advise customers on green and sustainable solutions, allowing them also to reduce their climate footprint. It is a target for 2022/23 to further strengthen the company's services in this regard.

On energy-specific efforts, Conscia has established an electronic device shutdown policy, a guide on how to ensure energy-efficient appliances and energy-saving lighting. In 2021/22, our CO_2 emissions for scope 1 and scope 2 were 937 (786 for 2020/21) and 1387 (970 for 2020/21) metric tons, respectively, covering Conscia's headquarters and all subsidiaries. These CO_2 emissions have been calculated by a third party consultant, based on consumption and utilization data provided by each of Conscia's locations. Electronic equipment is of particular concern to Conscia, and appropriate policies for handling electronic waste and take-back schemes are in place. A digital waste guide is included in the awareness training for all employees and new hires.

Environmental risks

Conscia is exposed to certain environmental risks, primarily related to the use, reuse, and disposal of IT equipment in the value chain. We are collaborating closely with our main supplier to facilitate that our customers use the Cisco Takeback and Reuse Program. This makes it simple, secure, and sustainable to return end-of-use gear, no matter where the equipment is located or what fabrication. This supports Conscia's vision of a circular economy.

Social engagement

Conscia denunciates all use of child labor, human trafficking, or any other form of forced or compulsory labor. Conscia wishes to positively influence society, both with its own employees and by how the company's solutions affect the societies in which they are applied.

Conscia is focused on health and job satisfaction and ensures that a safe working environment is in place. There is an ongoing dialogue with employees always to understand how the working environment can be improved. The performance is tracked through an employee satisfaction survey, where Conscia in 2021/22 reached an average employee Net Promoter Score (eNPS) of 59 on a scale of 1 to 100. This is considered top 10% in the industry.

In 2021/22, Conscia launched its Employee Development Process across the group to support our Learn for Life value and philosophy. With this, we further strengthen our focus on continuous development for our employees combined with our continued development of our Center of Excellence platform, which is a unique learning academy for our employees. It provides a range of development programs and Virtual Teams (VTs) covering knowledge sharing across the Group on business-critical topics.

Conscia invests in IT talent and education to unfold digital capabilities. The company has engagements with schools and universities to develop digital skills throughout society and across businesses. Different student and graduate programs are established to match local needs and engagements. Currently running in 4 of our 6 countries, these programs are planned to be extended to the entire Conscia Group.

For many years and across local offices, Conscia has been initiating and supporting numerous sustainability and community projects. Many of these activities are carried out in cooperation with regional and local partners, such as UNICEF, industry organizations, and local business chambers. It is a continued ambition of Conscia to be a part of the local communities where employees live and work.

Social risks

As Conscia primarily works with leading global and recognized players in the industry, the risks related to labor rights are limited. The main social risk for Conscia is the lack of access to IT competencies. Therefore, it is important that Conscia continues to attract, retain and develop skilled employees, and thus, Conscia has initiated several activities to strengthen employer branding, employee experience, and not least constant development of skills and competencies in the organization.

Human rights and business ethics

Conscia follows the United Nations' Declaration of Human Rights and firmly denunciates all use of child labor, human trafficking, or any other form of forced or compulsory labor. The company's code of conduct clearly states that Conscia will not compromise on requirements set out in national law or international standards regarding worker safety and human rights. The right to data protection and privacy are also fundamental human rights, which must always be respected in line with any other fundamental rights.

Conscia has established a governance and corporate compliance program covering anti-bribery, competition, data protection, and trade sanctions. A comprehensive data protection manual clearly stipulates how to protect privacy and process personal data, and the company has implemented policies regarding anti-bribery and a code of conduct. The anti-bribery policy covers topics such as the exchange of gifts, interaction with public sector representatives, and assessment of third parties.

A whistle-blower system has also been established, where knowledge or suspicions of violations may be reported anonymously and without fear of repercussions. In 2021/22, no human rights or anti-bribery incidents were registered.

For training purposes, Conscia is leveraging the KnowBe4 training platform, which is the world's largest integrated platform for security awareness training combined with simulated phishing attacks. The platform is used for security awareness training and training in internal Conscia processes and governance covering, e.g., GDPR, information security, and governance.

By the end of 2020/21, 70% of all employees had completed the governance and compliance program training. By the end of 2021/22, this had increased to 87%. Conscia continues to target that at least 90% of all employees must have completed this training program.

Human rights and ethics risk

The main human rights and ethics risks are unethical data handling and data leaks leading to the dissemination of personal data. In addition, employees may not be aware of legislation or company policies. Thus, there is a risk of non-compliance and violations of legislation and internal policies, including the company's code of conduct and anti-bribery manual. To mitigate these risks, all employees are required to acquaint themselves with corporate policies, which are supported by internal training, as described above. Awareness campaigns are regularly conducted to maintain attention to good governance and compliance.

Conscia has also implemented a whistle-blower system. Please see the risk management section of the annual report for further information about handling IT security risks.

Management's review

Data Ethics

The company only collects and processes sensitive personal data to a limited extent.

The company has implemented a Data Protection Manual as a matter of Group Policy. This provides an umbrella policy that is mandatory across all Conscia locations and for all employees. It describes roles and responsibilities, how Conscia manages personal data and how compliance is ensured via monitoring, training and review. In addition, this Group Policy is supported by local policies and training material to ensure compliance with the General Data Protection Regulation.

Conscia is aware of legislation in the area of Data Ethics and actively seeks to ensure compliance with all regulatory requirements. Awareness of the issues amongst employees is supported by mandatory governance and compliance training.

Governance

ESG initiatives are primarily executed within countries and coordinated centrally by relevant functional areas – i.e., HR, Compliance, and Strategy. ESG overall is governed and steered by the Conscia Leadership Team, which facilitates, and monitors Conscia's continued efforts within the scope of the ESG policies.

Income statement 1 October 2021 - 30 September 2022

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Revenue	1	3,276,862	2,750,111	0	0
Other operating income		4,467	3,421	0	0
Expenses for raw materials and consumables		-2,091,329	-1,751,226	0	0
Other external expenses		-250,244	-152,100	-620	-156
Gross profit		**939,756**	**850,206**	**-620**	**-156**
Staff expenses	2	-606,440	-559,372	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-149,169	-140,761	0	0
Profit/loss before financial income and expenses		**184,147**	**150,073**	**-620**	**-156**
Income from investments in subsidiaries		0	0	6,456	40,000
Financial income	4	8,727	194	281	0
Financial expenses	5	-118,011	-89,800	-32,562	-30,266
Profit/loss before tax		**74,863**	**60,467**	**-26,445**	**9,578**
Tax on profit/loss for the year	6	-48,853	-47,063	2,626	-3,079
Net profit/loss for the year	7	**26,010**	**13,404**	**-23,819**	**6,499**

Balance sheet 30 September 2022

Assets

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Acquired licenses		157,780	141,453	0	0
Acquired other similar rights		5,332	6,619	0	0
Goodwill		1,096,458	1,130,144	0	0
Intangible assets	8	**1,259,570**	**1,278,216**	**0**	**0**
Land and buildings		78,987	84,417	0	0
Other fixtures and fittings, tools and equipment		81,500	81,783	0	0
Property, plant and equipment	9	**160,487**	**166,200**	**0**	**0**
Investments in subsidiaries	10	0	0	1,170,142	1,150,798
Investments in associates	11	47	45	0	0
Deposits	12	6,521	3,263	0	0
Other receivables	12	54,652	15,017	0	0
Fixed asset investments		**61,220**	**18,325**	**1,170,142**	**1,150,798**
Fixed assets		**1,481,277**	**1,462,741**	**1,170,142**	**1,150,798**
Inventories	13	**117,795**	**56,044**	**0**	**0**

Balance sheet 30 September 2022

Assets

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Trade receivables		701,829	491,453	0	0
Contract work in progress	14	36,416	78,384	0	0
Receivables from group enterprises		0	0	4,826	3,197
Receivables from associates		0	1,296	0	0
Other receivables	15	88,485	27,845	0	0
Deferred tax asset	17	0	3,284	129	0
Corporation tax		3,296	2,914	0	0
Corporation tax receivable from group enterprises		0	0	4,659	3,622
Prepayments	16	95,798	80,480	0	0
Receivables		**925,824**	**685,656**	**9,614**	**6,819**
Cash at bank and in hand		**130,914**	**169,980**	**0**	**0**
Current assets		**1,174,533**	**911,680**	**9,614**	**6,819**
Assets		**2,655,810**	**2,374,421**	**1,179,756**	**1,157,617**

Balance sheet 30 September 2022

Liabilities and equity

	Note	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent company 2021/22 TDKK	Parent company 2020/21 TDKK
Share capital		629	624	629	624
Reserve for hedging transactions		18,525	1,502	0	0
Reserve for exchange rate conversion		-1,705	2,811	0	0
Retained earnings		370,705	328,055	630,581	635,061
Equity attributable to shareholders of the Parent Company		**388,154**	**332,992**	**631,210**	**635,685**
Minority interests		14,705	17,124	0	0
Equity		**402,859**	**350,116**	**631,210**	**635,685**
Provision for deferred tax	17	22,501	14,994	0	114
Provisions		**22,501**	**14,994**	**0**	**114**
Credit institutions		326,531	303,892	211,160	0
Lease obligations		69,640	86,266	0	0
Prepayments received from customers		10,538	0	0	0
Corporation tax		2,587	0	0	0
Payables to group enterprises relating to corporation tax		21,233	10,556	0	0
Other payables		12,959	2,832	0	0
Deferred income		104,083	94,555	0	0
Long-term debt	18	**547,571**	**498,101**	**211,160**	**0**

Balance sheet 30 September 2022

Liabilities and equity

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		TDKK	TDKK	TDKK	TDKK
Credit institutions	18	0	1,891	0	0
Lease obligations	18	41,763	31,273	0	0
Prepayments received from customers		40,175	27,860	0	0
Trade payables		452,894	247,831	0	0
Contract work in progress	14	161	0	0	0
Payables to group enterprises		710,735	816,672	337,095	521,724
Payables to associates		364	0	0	0
Corporation tax		11,809	23,833	0	0
Payables to group enterprises relating to corporation tax		18,178	4,293	0	0
Other payables	18, 15	244,873	196,960	291	94
Deferred income	19	161,927	160,597	0	0
Short-term debt		**1,682,879**	**1,511,210**	**337,386**	**521,818**
Debt		**2,230,450**	**2,009,311**	**548,546**	**521,818**
Liabilities and equity		**2,655,810**	**2,374,421**	**1,179,756**	**1,157,617**

Contingent assets, liabilities and other financial obligations	20
Related parties	21
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Statement of changes in equity

Group

	Share capital	Share premium account	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	624	0	1,502	2,811	328,055	332,992	17,124	350,116
Exchange adjustments	0	0	0	-4,516	0	-4,516	-862	-5,378
Cash capital increase	5	19,339	0	0	0	19,344	0	19,344
Extraordinary dividend paid	0	0	0	0	0	0	-4,256	-4,256
Other equity movements	0	0	17,023	0	0	17,023	0	17,023
Net profit/loss for the year	0	0	0	0	23,311	23,311	2,699	26,010
Transfer from share premium account	0	-19,339	0	0	19,339	0	0	0
Equity at 30 September	**629**	**0**	**18,525**	**-1,705**	**370,705**	**388,154**	**14,705**	**402,859**

Parent company

	Share capital	Share premium account	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 October	624	0	0	0	635,061	635,685	0	635,685
Cash capital increase	5	19,339	0	0	0	19,344	0	19,344
Net profit/loss for the year	0	0	0	0	-23,819	-23,819	0	-23,819
Transfer from share premium account	0	-19,339	0	0	19,339	0	0	0
Equity at 30 September	**629**	**0**	**0**	**0**	**630,581**	**631,210**	**0**	**631,210**

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
The Group derives revenue from the following product lines:				
Solutions	2,455,678	2,011,718	0	0
Service	821,184	738,393	0	0
	3,276,862	**2,750,111**	**0**	**0**
Geographical segments				
Denmark	1,206,124	1,060,805	0	0
Nordic ex. Denmark	775,986	503,217	0	0
Netherlands	687,890	645,011	0	0
Slovenia	263,342	236,540	0	0
Germany	343,520	304,538	0	0
	3,276,862	**2,750,111**	**0**	**0**

Revenue related to Solutions is recognized at a point in time and revenue related to Service is recognized over time.

All sale are primarily on the european market.

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
2. Staff Expenses				
Wages and salaries	483,168	478,839	0	0
Pensions	54,987	42,428	0	0
Other social security expenses	53,073	33,371	0	0
Other staff expenses	15,212	4,734	0	0
	606,440	**559,372**	**0**	**0**
Average number of employees	**894**	**838**	**0**	**0**

The remuneration to Executive Board and Board of Directors is disclosed in the Financial Statements of Capnor Connery HoldCo A/S.

Capnor Connery HoldCo A/S has in 2019 introduced an incentive program for its Executive Board and key employees, under which the participants agree to purchase shares in Capnor Connery HoldCo A/S. The shares acquired by the participants under the program comprise a combination of ordinary shares and preference shares. The preference shares have preference right to repayment of the amount invested plus dividend according to the the shareholder agreement

Under the program, the Group has a right, but not an obligation to repurchase all shares held by a participant if the employment is terminated. The shares may not be sold to a third party by the employees.

All shares acquired under the incentive programme are purchased by the participants at market terms. The consideration paid by the participants therefore corresponds to the fair value of the shares at the date of acquisition. Accordingly, no discount has been afforded to the participant. The participants has not received any abnormal privileges by acquiring the shares either

The shareholder agreement remains in force and effect for 12 years or until an exit event occurs.

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	96,527	94,983	0	0
Depreciation of property, plant and equipment	52,642	45,778	0	0
	149,169	**140,761**	**0**	**0**

Notes to the Financial Statements

4. Financial income

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	0	0	281	0
Other financial income	8,727	194	0	0
	8,727	**194**	**281**	**0**

5. Financial expenses

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	64,268	59,670	32,498	29,654
Other financial expenses	5,320	29,549	0	0
Exchange adjustments, expenses	48,423	581	64	612
	118,011	**89,800**	**32,562**	**30,266**

6. Income tax expense

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	52,992	45,599	-2,240	-1,886
Deferred tax for the year	-3,397	-2,556	0	114
Adjustment of tax concerning previous years	-950	4,433	-143	4,851
Adjustment of deferred tax concerning previous years	208	-413	-243	0
	48,853	**47,063**	**-2,626**	**3,079**

Notes to the Financial Statements

	Parent company	
	2021/22	2020/21
	TDKK	TDKK

7. Profit allocation

	2021/22 TDKK	2020/21 TDKK
Extraordinary dividend paid	0	40,000
Retained earnings	-23,819	-33,501
	-23,819	**6,499**

8. Intangible fixed assets

Group

	Acquired licenses	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 October	172,680	33,003	1,440,874
Exchange adjustment	-926	1	-1,979
Net effect from merger and acquisition	34,710	0	42,274
Additions for the year	0	3,362	0
Disposals for the year	0	-43	0
Cost at 30 September	206,464	36,323	1,481,169
Impairment losses and amortisation at 1 October	31,227	26,384	310,730
Exchange adjustment	-228	0	-124
Amortisation for the year	17,685	4,737	74,105
Reversal of amortisation of disposals for the year	0	-130	0
Impairment losses and amortisation at 30 September	48,684	30,991	384,711
Carrying amount at 30 September	**157,780**	**5,332**	**1,096,458**
Amortised over	5-15 years	3 years	20 years

9. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 October	120,473	158,034
Exchange adjustment	-858	-501
Net effect from merger and acquisition	0	1,005
Additions for the year	13,947	34,400
Disposals for the year	-6,302	-24,104
Cost at 30 September	127,260	168,834
Impairment losses and depreciation at 1 October	36,056	76,251
Exchange adjustment	-816	-5,922
Impairment losses for the year	1,084	-12,095
Depreciation for the year	16,923	35,719
Reversal of impairment and depreciation of sold assets	-4,974	-6,619
Impairment losses and depreciation at 30 September	48,273	87,334
Carrying amount at 30 September	**78,987**	**81,500**
Amortised over	1 - 10 years years	1 - 8 years years
Including assets under finance leases amounting to	78,987	30,242

	Parent company	
	2021/22	2020/21
	TDKK	TDKK

10. Investments in subsidiaries

	2021/22 TDKK	2020/21 TDKK
Cost at 1 October	1,150,798	1,100,995
Additions for the year	19,344	49,803
Cost at 30 September	1,170,142	1,150,798
Carrying amount at 30 September	**1,170,142**	**1,150,798**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Conscia Danmark A/S	Denmark, Brøndby	700	100%
Conscia Sverige AB	Sweden, Stockholm	108	63%
Conscia Norge AS	Norway, Oslo	17,030	100%
Conscia Nederland B.V.	Netherlands, Gouda	2,272	100%
NIL Skupina d.o.o.	Slovenia, Ljubljana	2,975	100%
xevIT GmbH	Germany, Ettlingen	213	100%
Conscia U.S. Inc.	USA, Delaware	381	100%

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK

11. Investments in associated companies

	2021/22	2020/21	2021/22	2020/21
Cost at 1 October	45	45	0	0
Exchange adjustment	2	0	0	0
Cost at 30 September	47	45	0	0
Carrying amount at 30 September	**47**	**45**	**0**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
NIL Data Communication Middle East DMCC	United Arab Emirates, Dubai	300	26%

12. Other fixed asset investments

Group

	Deposits	Other receivables
	TDKK	TDKK
Cost at 1 October	3,263	15,017
Additions for the year	3,258	39,635
Cost at 30 September	6,521	54,652
Carrying amount at 30 September	**6,521**	**54,652**

Notes to the Financial Statements

13. Inventories

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Inventories - Finished goods and goods for resale	117,795	56,044	0	0
	117,795	**56,044**	**0**	**0**

14. Contract work in progress

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Selling price of work in progress	42,408	100,618	0	0
Payments received on account	-5,992	-22,234	0	0
	36,416	**78,384**	**0**	**0**

15. Derivative financial instruments

The Company's outstanding accounts in foreign currency and the related hedging transactions as per 30 September 2022 are as follows (DKK in thousands):

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	TDKK	TDKK	TDKK	TDKK
Assets	28,452	1,572	0	0

16. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

17. Provision for deferred tax

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent company 2021/22 TDKK	Parent company 2020/21 TDKK
Deferred tax liabilities at 1 October	11,710	14,993	114	0
Deferred tax from acquisitions and other adjustments	14,188	-727	-243	
Amounts recognised in the income statement for the year	-3,397	-2,556	0	114
Deferred tax liabilities at 30 September	**22,501**	**11,710**	**-129**	**114**
Recognised in the balance sheet as follows:				
Assets	0	3,284	129	0
Provisions	22,501	14,994	0	114
	22,501	**11,710**	**-129**	**114**

18. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group 2021/22 TDKK	Group 2020/21 TDKK	Parent company 2021/22 TDKK	Parent company 2020/21 TDKK
Credit institutions				
After 5 years	0	302,000	0	0
Between 1 and 5 years	326,531	1,892	211,160	0
Long-term part	326,531	303,892	211,160	0
Within 1 year	0	1,891	0	0
Short-term part	0	1,891	0	0
	326,531	**305,783**	**211,160**	**0**
Lease obligations				
After 5 years	15,044	29,653	0	0
Between 1 and 5 years	54,596	56,613	0	0
Long-term part	69,640	86,266	0	0
Within 1 year	41,763	31,273	0	0
	111,403	**117,539**	**0**	**0**

Notes to the Financial Statements

Prepayments received from customers

After 5 years	0	0	0	0
Between 1 and 5 years	10,538	0	0	0
Long-term part	10,538	0	0	0
Within 1 year	40,175	27,860	0	0
Short-term part	40,175	27,860	0	0
	50,713	**27,860**	**0**	**0**

Corporation tax

After 5 years	0	0	0	0
Between 1 and 5 years	2,587	0	0	0
Long-term part	2,587	0	0	0
Within 1 year	11,809	23,833	0	0
	14,396	**23,833**	**0**	**0**

Payables to group enterprises relating to corporation tax

Between 1 and 5 years	21,233	10,556	0	0
Long-term part	21,233	10,556	0	0
Within 1 year	18,178	4,293	0	0
	39,411	**14,849**	**0**	**0**

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	12,959	2,832	0	0
Long-term part	12,959	2,832	0	0
Other short-term payables	244,873	196,960	291	94
	257,832	**199,792**	**291**	**94**

Deferred income

After 5 years	199	0	0	0
Between 1 and 5 years	103,884	94,555	0	0
Long-term part	104,083	94,555	0	0
Within 1 year	161,927	160,597	0	0
Short-term part	161,927	160,597	0	0
	266,010	**255,152**	**0**	**0**

Notes to the Financial Statements

19. Deferred income

Deferred income is deferred revenue in accordance with IFRS 15 and consist of deferred service subscriptions and kick-back.

20. Contingent assets, liabilities and other financial obligations

Guarantee obligations

Conscia A/S has provided a guarantee for the Parent Company - Capnor Connery HoldCo A/S' bank debt.

Other contingent liabilities

The Company and its Danish subsidiaries are jointly taxed with the Danish companies of Capnor Connery Holdco A/S. The total amount of corporation tax payable is disclosed in the Annual Report of Capnor Connery HoldCo A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

21. Related parties and disclosure of consolidated financial statements

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The company is included in the consolidated annual accounts for Capnor Connery HoldCo A/S. The annual reports for 2021/2022 for Capnor Connery HoldCo A/S can be obtained from the danish business authority

Name	Place of registered office
Capnor Connery HoldCo A/S (ultimate parent)	Brøndby, Denmark

	Group	
	2021/22	2020/21
	TDKK	TDKK

22. Fee to auditors appointed at the general meeting

The Company is included in the consolidated Financial Statements for Capnor Connery HoldCo A/S, where the audit fee for the entire group is presented.

Notes to the Financial Statements

23. Accounting policies

The Annual Report of Conscia A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

In 2018/19 the leasing (IFRS 16) and revenue recognition (IFRS 15) accounting policies were amended.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2021/22 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Capnor Connery HoldCo A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Conscia A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on business segments and geographical segments is based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

The Group generates revenue from the sale of hardware, software, support services, and consultancy services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Some contracts include multiple deliverables, such as the sale of hardware as well as the sale of software and consultancy services. Management assesses whether each deliverable is distinct. If the Group provides a significant service of integrating the hardware and software, the deliverables are treated as one performance obligation. If on the other hand, the customer could benefit separately from each derivable, each derivable is treated as a separate performance obligation. Therefore, each deliverable is accounted for as a separate performance obligation.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. The stand-alone selling prices of each performance obligation are always directly observable.

The Group has concluded that it is the principal in its contracts with customers. Further details regarding this judgement have been provided below in section “Recognizing revenue as a principal”

The customer contracts do in general not include any variable consideration in the form of volume rebates, customer bonuses or price concessions.

<u>Revenue from the sale of software and hardware</u>

The software sold by the Group are characterized as granting the customer a right-to-use the intellectual property as the customer contracts for the sale of software does not require the Group to undertake activities that significantly affect the license. Hardware is operational only with specific software and generally software and hardware are sold together . Due to the interdependency between the software and hardware, the software and the hardware is considered one performance obligation. Revenue is recognized upon delivery.

<u>Revenue from the sale of support services</u>

Revenue related to the sale of support services is recognized over the period in which the service is provided to the customer. Because the customer receives and consumes the benefits of the services provided as the Group performs, the performance obligation is satisfied over time. Revenue is recognized on a straight-line basis.

The service periods vary between 1 to 5 years.

<u>Consultancy services</u>

Revenue related to the sale of consultancy services is mostly derived through services with an hourly rate. Revenue generated from these contracts is recognized in the amount to which the Group has a right to invoice which corresponds directly with the value to the customer of the Group's performance to date. Customers are invoiced monthly and consideration is payable when invoiced.

Some contracts for consultancy services related to large projects have a fixed price. The revenue generated in relation to those contracts is recognized over time based on hours incurred, or costs incurred, relative to the total expected costs (production of completion method).

<u>Identification of performance obligations for hardware, -software sale and related consultancy services</u>

Management has applied judgment in determining whether a contract for the sale of software, hardware and consultancy services to design a network solution comprises one or more performance obligations. It is Management’s assessment that due to the interdependency between the hardware and the related software, these elements are not separable within the context of the contract. Consequently, the hardware and the related software is treated as one performance obligation. Consultancy services are considered a separate performance obligation due to the fact that another partner of the hardware and software manufacturer would have the practical ability to design the network solution comprising the hardware and software doe.

Notes to the Financial Statements

Recognizing revenue as a principal

The Group has concluded that it is the principal in satisfying the performance obligations in all its contracts with customers. As a result, the Group recognizes revenue on a gross basis.

In determining that the Group acts a principal (rather than an agent) in satisfying its performance obligations, the Group has considered the nature of its promises with its customers.

Management has assessed that the Group acts as a principle mainly due to the following circumstances:

• the Group is primarily responsible for fulfilling the promise to provide the specified good or service; and
• the Group has discretion in establishing the prices for the specified goods or services

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from subsidiaries and associates are recognised as income in the income statement when adopted at the General Meeting of the companies.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 year.

The estimated financial life is based on the activity's unique commercial position and the employee's commercial and technical skills that are expected to be in use for at least 20 years.

Customer contracts acquired through business combinations are recognised at fair value at the acqusition date. Customer contracts s amortised on a straight-line basis over its useful life, which is assessed at 15 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	1 - 10 years
Other fixtures and fittings, tools and equipment	1 - 8 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:- fixed payments (including in-substance fixed payments), less any lease incentives receivable- variable lease payment that are based on an index or a rate- amounts expected to be payable by the lessee under residual value guarantees- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

Other fixed asset investments

Other fixed asset investments consist of rent deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Notes to the Financial Statements

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
EBITDA ratio	EBITDA x 100 / Revenue
EBITDA normalized ratio	Normalized EBITDA x 100 / Revenue
EBITA ratio	EBITA x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity