Conscia A/S

Kirkebjerg Parkvej, 9, 2., DK-2605 Brøndby

Annual Report for 1 October 2018 - 30 September 2019

CVR No 36 45 09 83

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/3 2020

Martin Adrian Møller
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Conscia A/S for the financial year 1 October 2018 - 30 September 2019.

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 2019 of the Company and the Group and of the results of the Company and Group operations for 2018/19.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Brøndby, 17 March 2020

Executive Board

Claus Thorsgaard
CEO

Martin Adrian Møller
CFO

Board of Directors

Torben Brandt Munch
Chairman

Peter Thorninger

Jess Ørgaard Libak Tropp

Erik Jonas Fredrik Näslund

Emil André Schacher

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 2019 and of the results of the Group’s and the Parent Company’s operations for the financial year 1 October 2018 - 30 September 2019 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 2018 - 30 September 2019, 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’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financials 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.

Independent Auditor's Report

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 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 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 Company's and the Group'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 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 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.

Hellerup, 17 March 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen statsautoriseret revisor mne28705	Thomas Baunkjær Andersen statsautoriseret revisor 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 - 30 September Incorporated: 2 December 2014 Financial year: 5th financial year Municipality of reg. office: Brøndby
Board of Directors	Torben Brandt Munch, Chairman Peter Thorninger Jess Ørgaard Libak Tropp Erik Jonas Fredrik Näslund Emil André Schacher
Executive Board	Claus Thorsgaard Martin Adrian Møller
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,949,758	1,545,200	1,056,821	757,061	789,946
Operating profit/loss	112,793	123,606	91,626	65,839	79,386
EBITDA	208,189	180,965	119,208	80,834	91,341
EBITDA normalized*	228,289	185,896	119,208	81,538	91,341
EBITDA cash**	317,206	0	0	0	0
EBITA	141,185	176,938	115,181	80,711	90,942
Profit/loss before financial income and expenses	112,793	123,606	91,626	65,839	79,386
Net financials	-65,909	-24,333	-5,030	1,320	-33
Net profit/loss for the year	15,340	62,288	64,295	49,117	57,002
Balance sheet					
Balance sheet total	1,883,388	1,474,816	1,368,078	435,966	530,960
Equity	327,303	459,263	300,560	238,187	279,118
Investment in property, plant and equipment	-78,194	-1,441	-2,166	-3,875	-1,034
Number of employees	501	341	201	120	85

Financial Highlights

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	27.9%	30.0%	27.8%	26.6%	25.5%
Profit margin	5.8%	8.0%	8.7%	8.7%	10.0%
Return on assets	6.0%	8.4%	6.7%	15.1%	15.0%
Solvency ratio	17.4%	31.1%	22.0%	54.6%	52.6%
Return on equity	3.9%	16.4%	23.9%	19.0%	22.7%
EBITDA ratio	11.0%	11.7%	11.3%	10.7%	11.6%
EBITDA normalized ratio	11.6%	12.0%	11.3%	10.8%	11.6%
EBITA ratio	9.3%	11.5%	10.9%	10.7%	11.5%

For definitions, see under accounting policies.

In 2018/19 the leasing and revenue recognition accounting policies were amended. The comparative figures have not been adjusted for the change of policy for the years 2014/15 - 2017/18. Reference is made to the accounting policies.

* Normalized EBITDA is adjusted for non-recurring costs.

** Cash EBITDA is including deferred EBITDA relating to IFRS 15.

Management's Review

The significant activities of the group

Conscia Group (Conscia) is a leading award-winning European IT consultancy providing secure and reliable infrastructure solutions based on Cisco and supplemented by other category leaders.

The technological focus areas include network infrastructure, security, data center, mobility, cloud, and collaboration. All country organizations are Cisco Gold Partner certified and hold significant certifications in other selected technologies as well. Conscia also offers its unique awarded service concept CNS (Conscia Network Services), and other services that give customers direct access to highly certified consultants, fast troubleshooting and stable operation. End-to-end 24/7 managed network services and security operation services is also a part of the portfolio.

The most significant activities of the parent company

The main activities of Conscia A/S consist of owning capital shares in affiliated companies, including other related business, cf. the board's assessment.

Strategic initiatives and financial matters

In the financial year 2018/2019, Conscia launched a new groupwide strategy called 'Network of Knowledge'. The strategy execution was a natural extension of our historical development and proven ability to increase our role as a trusted partner for existing customers, win new 'best fit' customers and push selected Cisco innovation in the market. Our strategy contains four strategic initiatives:

•Implementation of the Conscia business model across all countries to drive customer full potential
•Continue leadership within selected Cisco innovations, e.g. software automation and intelligent networks
•Drive and sustain a leading position within Cisco security and expansion of core security services
•Expansion with managed network and security services and cloud solutions

To support the strategy, Conscia conducted a number of initiatives:

a)In January, "All Managers Meeting" completed with participation of all key managers across the group to get fully aligned on the new strategy and ensured local anchoring.

b)At 28 February 2019, Conscia completed the acquisition of Slovenian based system integrator and global learning partner, NIL, headquartered in Ljubljana with 150 professionals. Like other members of the Conscia family, NIL is known for high technical expertise within Cisco and other innovative technologies. In addition, NIL has a 24/7 Networking Operating Center (NOC) and a professional Security Operation Center (SOC).

c)In April, Nordic Capital acquired the majority share capital Conscia from Axcel. Nordic Capital is a leading private equity fund founded in 1989 with headquarter in Stockholm and offices across Europe and in the US. Nordic Capital has significant focus on investments within technology.

d)In May, 'Tech All Hands Meeting' completed with participation of approximately 200 engineers with training activities and a focus on technical best practice sharing

Management's Review

e)A continued effort on driving digitalization and optimizing one groupwide IT platform to drive scale and efficiencies

Our strong performance was recognized by Cisco, who gave us several awards; e.g. the very prestigious North Partner of the Year (best partner across the Nordics, Benelux, and the Baltics) plus a number of other awards at the North region and individual country level.

In the financial year 2018/2019, Conscia's revenue reached DKK 1,949 million which is an increase of DKK 405 million which is a growth of 26% compared to 2017/2018. The normalized EBITDA for 2018/2019 reached DKK 228 million, which is an increase of 42 million compared to last year, equaling an increase of 22,7%. The financial performance in 2018/2019 is influenced by significant organic growth in existing business areas – especially within Sweden, Norway and the Netherlands, but is also affected by the acquisitions of NIL. The organic revenue growth in 2018/2019 was 14,9%.

Management considers the results for the year satisfactory and according to expectations.

EBITDA for the parent company for 2018/2019 shows a loss of DKK 28 million, which is accordance with expectations. Management considers the results satisfactory.

Corporate Governance

By virtue of its Private Equity ownership, Conscia 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.

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. I.e. Conscia has based its corporate governance efforts on a two-tier system where the board of directors and the executive management have two distinct roles. The executive management 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 management of the company. In addition, the board of directors use committees for special tasks. Thus, a chairman committee and an audit committee have been set up.

The board of directors consists of six members, where one of the representatives have been elected by Conscia Denmark A/S' employees (please see below for a more detailed description of the board and executive management). Board meetings and audit committee are held four to five times a year. Additionally, chairman committee meetings with the CEO of the company are held 8-10 times per year.

Management's Review

The board of directors and executive management incl. other managerial positions

Chairman of the Board, Torben Munch is also chairman of the board of directors in Adform A/S and Vizrt Group Holding AS. In addition, Torben Munch is also board member of Configit Holding A/S and member of the executive management in TIFO ApS, Hermes and Balder ApS.

Deputy Chairman, Fredrik Näslund is Partner in Nordic Capital Investment Advisory AB. In addition, Fredrik Näslund is board member of several other Nordic Capital companies - ArisGlobal, Board International, Itiviti, Signicat Sunrise Medical Trustly and Vizrt.

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

Board member, Peter Thorninger is Operational Principal, Nordic Capital Investment Advisory A/S and board member in Trustly.

Board member, Milo Schacher is CEO and president of the board at BCT Consulting GmbH.

Board member Søren Linde holds no other managerial positions, and member of the executive management CFO.

CEO Claus Thorsgaard is Chairman of the Board in Targit A/S and holds board positions within the associated Conscia companies.

CFO Martin Møller holds no other positions than board positions within the associated Conscia companies.

Social responsibility

In accordance with section 99 a of the Danish Financial Statements Act, we refer to Capnor Connery HoldCo A/S who has prepared a consolidated statement covering policies and activities across the group.

Management's Review

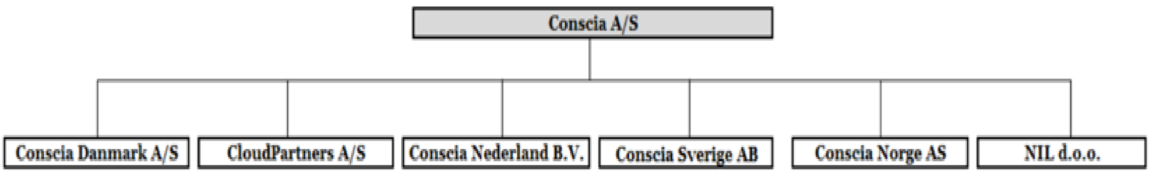
Gender composition of Board and executive management

In general, the employees are meant to experience an open and unprejudiced culture where the individual can use his or her skills in the best possible way, regardless of gender, age and ethnic background. Both women and men have the same opportunities for careers and leadership positions.

Conscia's overall policy is to employ or promote the best suitable persons no matter of gender. Traditionally, the leading positions within the business are over-represented by men just as applications for new positions are primarily received from men and this complicates the work towards gender balance. Conscia's policy in relation to the under-represented gender is reassessed on an ongoing basis to create a basis for increasing the gender equality.

The board of directors consists of 6 people, all men, and the executive management team consists of 6 country managers and 5 group managers, out of which only one person is a woman. It is Conscia's aim to reflect a larger gender diversity in both the board and executive management over time by increasing the number of women in leadership positions. Hence, Conscia will continue to work diligently on having both male and female candidates in the recruiting process for management and board positions. The goal is to have at least 3 women in the top management team (board or executive management) by 2023, out of which at least one woman should be elected for the board of directors. The goal for the board was not achieved in 2019, as there have been no changes to the board composition.

Organizational structure



All subsidiaries are own 100% - except for Conscia Sverige AB, where Conscia A/S owns 74%.

As of 30th September 2019, Conscia has 501 employees, which is an increase of 32 % (106 employees) since September 2018. 382 employees (76%) are located outside Denmark.

Share based remuneration

In order 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 two for further information.

Management's Review

Risks

Conscia Group is exposed to uncertainties and risk factors, which may affect some or all of the company's activities.

Contractual risks

As Conscia's business model is founded upon 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 regards to the protection of Conscia's business. Therefore, before entering any agreements, suppliers are thoroughly evaluated with regards to financial solidity, delivery quality, timeliness as well as overall reliability.

Employee risks

Conscia acknowledge that the employees are the most important asset of the company. As Conscia's business model is founded upon IT consultancy and extensive partnerships, having the right competencies with the adequate experience is vital. Therefore, it is important that Conscia continues to attract, retain and develop skilled employees. Failure to do so will negatively impact the continued development of the company.

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 Group policy to seek to offset exchange-rate risks by matching revenue, as well as other 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 intercompany balance of foreign subsidiaries at the balance sheet date constitute a risk. The company does not hedge this type of risk. Consequently, the Group may be affected in the short term by exchange rate fluctuations related to the translation of the results and intercompany balance of subsidiaries into DKK.

IT risks

Conscia uses IT to a significant extent and is vulnerable to interruptions of operation and breaches of the established security. Conscia has a large number of IT security specialists that assist our clients, but also supports the improvement of 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 with best possible way of minimizing the risk of exposing or loosing data, in case of accidents, theft, intentional and unintentional data leaks or direct attacks.

The Audit Committee assists the board of directors with reviews of financial reporting processes, review of internal control systems including risk management and the on-going dialogue with external auditor.

Management's Review

Research and development activities

Conscia does not carry out research but is continuously developing our service portal, CNS, as well as internal systems to support its customers' business.

Intellectual capital resources

To some extent, Conscia is dependent on attracting and retaining employees who are able to continue the development of the Company's operations. Knowledge resources that may be of particular importance for the Company and the Group's future operations relate to being at the front edge of a wide range of services.

Unusual events

The financial position at 30 September 2019 of the Company and the Group and the results of the activities of the Company and the Group for the financial year for 2018/19 have not been affected by any unusual events, theres not already mentioned in the management review.

Uncertainty relating to recognition and measurement

During the financial year, there has been no deviation by recognition and measurement of account entries in neither the group accounts nor the financial report respectively.

Outlook for 2019/2020

In 2019/2020, Conscia expects growth in revenue, EBITDA and in number of employees compared with 2018/2019, but the expectations to the outlook, hereunder the prerequisite used for the outlook are changing rapidly due to the development in the Covid-19, please see section "Events subsequently to the financial year" for further information.

Ownership

Conscia A/S is fully owned by Capnor Connery HoldCo A/S is financed by a combination of equity and loan capital. The company's equity consists of two classes of shares. The loan capital consists of a bank loan. The level of debt is deemed to be appropriate in relation to the need for financial flexibility in Conscia A/S and its subsidiaries.

Management’s Review

Events subsequently to the financial year

Covid-19

The outbreak of the Corona virus during the beginning of 2020 is going to affect the world economy, and the related implications are going to create instability and uncertainty on the global markets throughout 2020. At the time of completing this annual report the impact and complete extent of the corona virus on the global healthcare and world's economy is undetermined, as the outbreak is still evolving and has yet not been contained or controlled in any country. Consequently, the Corona virus is also affecting the countries and markets in which the Group operates.

Management has evaluated the potential impact of the Corona virus on the Group's operations and expected financial performance for 2019/20. Management believes that the outbreak is going to have an adverse effect on the Group's revenue and results for 2020 to some extent. Though, it is Management's expectations that the industry in which the Group operates is not going to be significantly affected by the Corona virus outbreak, thus the Group's financial position is not expected to be significantly distorted.

Acquisition of XevIT

In accordance with the ‘Network of Knowledge’ strategy, Conscia acquired xevIT, a German Cisco Gold partner, on December 12, 2019. This acquisition provides Conscia with an entry point into the DACH region.

XevIT has 120 employees across three locations in Germany: Ettlingen (HQ), Leverkusen, and Saarbrücken. The company covers the entire value chain from design and development of security and infrastructure solutions to installation and managed services, and they are particularly strong in collaboration and self-developed solutions to the healthcare, public and financial services verticals.

Except for the above no events have occurred subsequently to the balance sheet date, which would have a material impact on the financial position of the company.

Income Statement 1 October - 30 September

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent company 2018/19 TDKK	Parent company 2017/18 TDKK
Revenue	1	**1,949,758**	**1,545,200**	**1,683**	**823**
Other operating income		556	15	0	0
Expenses for raw materials and consumables		-1,250,962	-1,020,163	0	0
Other external expenses		-155,923	-62,234	-20,703	-2,667
Gross profit/loss		**543,429**	**462,818**	**-19,020**	**-1,844**
Staff expenses	2	-335,240	-280,836	-9,318	-8,203
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-95,396	-57,360	0	0
Other operating expenses		0	-1,016	0	0
Profit/loss before financial income and expenses		**112,793**	**123,606**	**-28,338**	**-10,047**
Income from investments in subsidiaries		0	0	402,000	58,719
Financial income	4	9,003	2,141	4,988	2,376
Financial expenses	5	-74,912	-26,474	-42,757	-12,208
Profit/loss before tax		**46,884**	**99,273**	**335,893**	**38,840**
Tax on profit/loss for the year	6	-31,544	-36,985	11,604	4,366
Net profit/loss for the year		**15,340**	**62,288**	**347,497**	**43,206**

Balance Sheet 30 September

Assets

		Group		Parent company	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Customer contracts		73,769	0	0	0
Acquired other similar rights		12,561	6,815	0	0
Goodwill		1,039,757	910,900	0	0
Intangible assets	7	**1,126,087**	**917,715**	**0**	**0**
Land and buildings		83,518	0	0	0
Other fixtures and fittings, tools and equipment		45,061	13,026	0	0
Property, plant and equipment	8	**128,579**	**13,026**	**0**	**0**
Investments in subsidiaries	9	0	0	858,222	557,533
Investments in associates	10	45	0	0	0
Deposits	11	2,635	2,412	0	0
Fixed asset investments		**2,680**	**2,412**	**858,222**	**557,533**
Fixed assets		**1,257,346**	**933,153**	**858,222**	**557,533**

Balance Sheet 30 September

Assets

	Note	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent company 2018/19 TDKK	Parent company 2017/18 TDKK
Inventories	12	**55,252**	**73,115**	**0**	**0**
Trade receivables		314,757	281,110	0	0
Contract work in progress	13	36,644	2,795	0	0
Receivables from group enterprises		0	53,114	15,299	44,195
Receivables from associates		2,127	0	0	0
Other receivables	19	37,413	41,461	11,166	138
Deferred tax	16	20,044	2,060	260	172
Corporation tax receivable from group enterprises		17,426	6,481	17,426	5,910
Prepayments	14	50,700	1,765	0	1,182
Receivables		**479,111**	**388,786**	**44,151**	**51,597**
Cash at bank and in hand		**91,679**	**79,762**	**3,681**	**30,642**
Currents assets		**626,042**	**541,663**	**47,832**	**82,239**
Assets		**1,883,388**	**1,474,816**	**906,054**	**639,772**

Balance Sheet 30 September

Liabilities and equity

		Group		Parent company	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Share capital		600	600	600	600
Share premium account		92,635	92,635	92,635	92,635
Retained earnings		220,616	320,758	529,456	231,960
Proposed dividend for the year		0	35,000	0	35,000
Equity attributable to shareholders of the Parent Company		**313,851**	**448,993**	**622,691**	**360,195**
Minority interests		13,452	10,270	0	0
Equity		**327,303**	**459,263**	**622,691**	**360,195**
Provision for deferred tax	16	16,318	1,346	0	0
Corporate tax	17	3,588	2,319	0	0
Provisions		**19,906**	**3,665**	**0**	**0**
Credit institutions		307,830	518,647	0	110,699
Lease obligations		81,402	0	0	0
Payables to group enterprises		471,353	0	0	0
Provisions		1,946	0	0	0
Payables to group enterprises relating to corporation tax		20,404	16,708	0	0
Other payables		0	5,040	0	0
Deferred income		58,061	0	0	0
Long-term debt	18	**940,996**	**540,395**	**0**	**110,699**

Balance Sheet 30 September

Liabilities and equity

		Group		Parent company	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Credit institutions	18	2,204	34,133	0	28,928
Lease obligations	18	20,893	0	0	0
Prepayments received from customers		70,936	55,697	0	0
Trade payables		155,960	249,604	576	622
Contract work in progress, liabilities	13	0	271	0	0
Payables to group enterprises	18	65,121	0	282,718	137,540
Payables to associates		2,815	0	0	0
Corporation tax		36,129	24,003	0	0
Payables to group enterprises relating to corporation tax	18	0	19,849	0	0
Other payables	18	129,550	87,936	69	1,788
Deferred income	18	111,575	0	0	0
Short-term debt		**595,183**	**471,493**	**283,363**	**168,878**
Debt		**1,536,179**	**1,011,888**	**283,363**	**279,577**
Liabilities and equity		**1,883,388**	**1,474,816**	**906,054**	**639,772**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	600	92,635	320,754	35,000	448,989	10,270	459,259
Net effect from change of accounting policy	0	0	-60,383	0	-60,383	-2,185	-62,568
Adjusted equity at 1 October	600	92,635	260,371	35,000	388,606	8,085	396,691
Ordinary dividend paid	0	0	0	-35,000	-35,000	0	-35,000
Extraordinary dividend paid	0	0	-50,000	0	-50,000	0	-50,000
Exchange adjustments relating to foreign entities	0	0	-3,677	0	-3,677	0	-3,677
Fair value adjustment of hedging instruments, beginning of year	0	0	1,061	0	1,061	0	1,061
Fair value adjustment of hedging instruments, end of year	0	0	2,888	0	2,888	0	2,888
Net profit/loss for the year	0	0	9,973	0	9,973	5,367	15,340
Equity at 30 September	**600**	**92,635**	**220,616**	**0**	**313,851**	**13,452**	**327,303**

Statement of Changes in Equity

Parent company

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	600	92,635	231,959	35,000	360,194	0	360,194
Ordinary dividend paid	0	0	0	-35,000	-35,000	0	-35,000
Extraordinary dividend paid	0	0	-50,000	0	-50,000	0	-50,000
Net profit/loss for the year	0	0	347,497	0	347,497	0	347,497
Equity at 30 September	**600**	**92,635**	**529,456**	**0**	**622,691**	**0**	**622,691**

Notes to the Financial Statements

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

1 Revenue

All sale are primarily on the european market.

Hardware, software and service	1,648,170	1,334,540	1,683	823
Own services and consultant service	301,588	210,660	0	0
	1,949,758	**1,545,200**	**1,683**	**823**

Notes to the Financial Statements

2 Staff expenses

Wages and salaries	287,336	218,234	8,136	7,273
Pensions	27,357	19,932	633	513
Other social security expenses	14,940	17,706	13	27
Other staff expenses	5,607	24,964	536	390
	335,240	**280,836**	**9,318**	**8,203**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	3,522	3,459	3,522	3,459
Board of directors	492	800	492	800
	4,014	**4,259**	**4,014**	**4,259**
Average number of employees	**501**	**341**	**4**	**4**

In April 2019 the Group introduced an incentive program for its management and key employees, under which the participants agrees to purchase shares in Capnor Connery HoldCo A/S, or its subsidiaries Capnor Connery MidCo A/S or Capnor Connery BidCo A/S. The shares aqcuired 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 dividends.

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.

The incentive program is classified as an equity-settled arrangement for which a cost is recognised in the income statement, with a corresponding increase in equity over the period in which the services are fulfilled. The cost is measured indirectly with reference to the fair value of the equity instruments acquired. The fair value is determined once at grant date and is not remeasured in subsequent periods.

All shares acquired under the incentive programe 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 employees has not received any abnormal privileges by acquiring the shares either.

The shareholder agreement remains in force and effect for 15 years or until an exit event occurs.

Notes to the Financial Statements

		Group		Parent company	
		2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	67,004	52,173	0	0
	Depreciation of property, plant and equipment	28,392	5,187	0	0
		95,396	**57,360**	**0**	**0**
4	**Financial income**				
	Interest received from group enterprises	0	554	3,747	2,212
	Other financial income	1,338	1,486	1,068	144
	Exchange adjustments	7,665	101	173	20
		9,003	**2,141**	**4,988**	**2,376**
5	**Financial expenses**				
	Interest paid to group enterprises	35,609	2,134	28,674	4,711
	Other financial expenses	28,586	22,763	14,083	7,476
	Exchange adjustments	10,717	1,577	0	21
		74,912	**26,474**	**42,757**	**12,208**
6	**Tax on profit/loss for the year**				
	Current tax for the year	30,265	35,487	-11,516	-4,254
	Deferred tax for the year	6	0	0	0
	Adjustment of tax concerning previous years	1,184	0	0	0
	Adjustment of deferred tax concerning previous years	89	1,498	-88	-112
		31,544	**36,985**	**-11,604**	**-4,366**

Notes to the Financial Statements

7 Intangible assets

Group

	Customer contracts	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 October	0	11,400	1,028,612
Additions for the year	78,336	12,054	185,378
Disposals for the year	0	-380	0
Cost at 30 September	78,336	23,074	1,213,990
Impairment losses and amortisation at 1 October	0	4,585	117,712
Exchange adjustment	-3	-14	29
Amortisation for the year	4,570	5,942	56,492
Impairment losses and amortisation at 30 September	4,567	10,513	174,233
Carrying amount at 30 September	**73,769**	**12,561**	**1,039,757**

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 October	0	35,138
Net effect from change of accounting policy	54,518	18,280
Additions for the year	40,516	37,678
Disposals for the year	0	-5,453
Cost at 30 September	95,034	85,643
Impairment losses and depreciation at 1 October	0	22,112
Net effect from change of accounting policy	0	747
Exchange adjustment	847	0
Depreciation for the year	10,669	17,723
Impairment losses and depreciation at 30 September	11,516	40,582
Carrying amount at 30 September	**83,518**	**45,061**
Right-of-use assets	83,518	19,009

Notes to the Financial Statements

	Parent company	
	2018/19	2017/18
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 October	557,529	562,427
Additions for the year	300,693	847
Adjustment prior year	0	-5,741
Carrying amount at 30 September	**858,222**	**557,533**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Conscia Danmark A/S	Denmark, Brøndby	500	100%
Conscia Sverige AB	Sweden, Stockholm	6.148	74%
Conscia Norge AS	Norway, Oslo	7.075	100%
Cloudpartners A/S	Denmark, Viby	500	100%
Conscia Nederland B.V.	Netherlands, Gouda	2.240	100%
NIL Skupina d.o.o.	Slovenia, Ljubljana	2.986	100%

Notes to the Financial Statements

10 Investments in associates

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Cost at 1 October	0	0	0	0
Additions for the year	45	0	0	0
Cost at 30 September	45	0	0	0
Value adjustments at 1 October	0	0	0	0
Value adjustments at 30 September	0	0	0	0
Carrying amount at 30 September	**45**	**0**	**0**	**0**

Investments in associates are specified as follows:

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

11 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 October	2,412
Additions for the year	223
Cost at 30 September	2,635
Carrying amount at 30 September	**2,635**

Notes to the Financial Statements

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

12 Inventories

Raw materials and consumables	0	15,273	0	0
Finished goods and goods for resale	55,252	57,842	0	0
	55,252	**73,115**	**0**	**0**

13 Contract work in progress

Selling price of work in progress	57,164	20,698	0	0
Payments received on account	-20,520	-17,903	0	0
	36,644	**2,795**	**0**	**0**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	36,644	2,795	0	0
Prepayments received recognised in debt	0	-271	0	0
	36,644	**2,524**	**0**	**0**

14 Prepayments

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

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

15 Distribution of profit

Extraordinary dividend paid	50,000	0	50,000	0
Proposed dividend for the year	0	35,000	0	35,000
Minority interests	5,367	4,262	0	0
Retained earnings	-40,027	23,026	297,497	8,206
	15,340	**62,288**	**347,497**	**43,206**

Notes to the Financial Statements

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
16 Deferred tax				
Intangible fixed assets	2,418	1,499	0	0
Tangible fixed assets	1,957	81	0	0
Fixed asset investment	0	0	-260	0
Work in progress for the account og costumers	353	394	0	0
Borrowing costs	0	-825	0	-172
Deferred expences	407	197	-260	0
Deferred tax related to IFRS 15	-3,162	0	0	0
Deferred tax acquired other similar rights	14,345	0	0	0
Tax loss carry-forward	-20,044	-2,060	260	0
Transferred to deferred tax asset	20,044	2,060	260	172
	16,318	**1,346**	**0**	**0**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	20,044	2,060	260	172
Carrying amount	**20,044**	**2,060**	**260**	**172**

The deferred tax asset is expected to be realized through expected profits within the next 3 years.

17 Corporate tax

The company has a tax provision related to Conscia Sverige AB

Provisions	3,588	2,319	0	0
	3,588	**2,319**	**0**	**0**

Notes to the Financial Statements

18 Long-term debt

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	311,418	475,836	0	82,538
Between 1 and 5 years	-3,588	42,811	0	28,161
Long-term part	307,830	518,647	0	110,699
Within 1 year	2,204	34,133	0	28,928
	310,034	**552,780**	**0**	**139,627**
Lease obligations				
Between 1 and 5 years	81,402	0	0	0
Long-term part	81,402	0	0	0
Within 1 year	20,893	0	0	0
	102,295	**0**	**0**	**0**
Payables to group enterprises				
Between 1 and 5 years	471,353	0	0	0
Long-term part	471,353	0	0	0
Within 1 year	65,121	0	282,718	137,540
	536,474	**0**	**282,718**	**137,540**
Provisions				
Between 1 and 5 years	1,946	0	0	0
Long-term part	1,946	0	0	0
Within 1 year	0	0	0	0
	1,946	**0**	**0**	**0**
Payables to group enterprises relating to corporation tax				
Between 1 and 5 years	20,404	16,708	0	0
Long-term part	20,404	16,708	0	0
Within 1 year	0	19,849	0	0
	20,404	**36,557**	**0**	**0**

Notes to the Financial Statements

18 Long-term debt (continued)

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Other payables				
Between 1 and 5 years	0	5,040	0	0
Long-term part	0	5,040	0	0
Within 1 year	129,555	87,936	74	1,788
Other short-term payables	-5	0	-5	0
Short-term part	129,550	87,936	69	1,788
	129,550	**92,976**	**69**	**1,788**
Deferred income				
Between 1 and 5 years	58,061	0	0	0
Long-term part	58,061	0	0	0
Within 1 year	111,575	0	0	0
	169,636	**0**	**0**	**0**

19 Derivative financial instruments

The company's outstanding accounts in foreign currency and the related hedging transactions as per 30 September 2019 are as follows (DKK in thousands):

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Assets	2,888	1,061	0	0

For currency hedging of the future purchase of goods in USD, the company has entered into forward exchange contracts of total TDKK 130,187. Compared to forward prices at the balancesheet date, the contracts have a fair value of TDKK 2,888. The capital gain is recongnized in the equity.

Notes to the Financial Statements

	Group		Parent company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

20 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2018/19 TDKK	Group 2017/18 TDKK	Parent company 2018/19 TDKK	Parent company 2017/18 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	0	16,569	0	0
Between 1 and 5 years	0	34,317	0	0
After 5 years	0	35,435	0	0
	0	**86,321**	**0**	**0**

Guarantee obligations

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

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

21 Related parties

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, only transactions that are not performed on market conditions are to be disclosed.

Consolidated Financial Statements

The company is included in the consolidated annual accounts for Capnor Connery HoldCo A/S. The annual reports for 2018/2019 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

22 Fee to auditors appointed at the general meeting

The company is included in the consolidated annual accounts for Capnor Connery HoldCo A/S, where the fee for the annual reports are presented.

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Conscia A/S for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in TDKK.

Changes in accounting policies

IFRS 15 have been implemented to recognise revenue and from this year interpret revenue recognition under Danish GAAP based on the recognition and measurement criteria of IFRS 15. The standard has been implemented with the modified retrospective method, where the effect of the change in accounting policies are recognised in equity at 1 October 2018, comparative figures have not been restated. At 1 October 2018 - the equity has decreased by DKK 62.568 thousand, deferred tax has increased by DKK 17.647 thousand, deferred income under long-term liabilities has increased by DKK 43.541 thousand and deferred income under short-term liabilities has increased by DKK 36.674 thousand.

The accounting policies have been changed in the following areas: 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 company performs, the performance obligation is satisfied over time. Revenue related to sale of support is recognised on a straight-line basis. The periods varies between 1 to 5 years.

IFRS 16 have been implemented, the standard has been implemented with the modified retrospective method, comparative figures have not been restated. The assets have increased with DKK 72.703 thousand at 1 October 2018, affecting only the reporting lines 'Land and buildings' and 'Other fixtures and fittings, tools and equipment'. The liabilities have increased with DKK 72.863 thousand at 1 October 2018, affecting the reporting lines 'Leasing liabilities ' under long-term liabilities with DKK 58.226 thousand and 'Leasing liabilities' under short-term liabilities with DKK 14.637 thousand. The change have had no impact on cash flow.

Except for the above changes, the accounting policies applied remain unchanged from last year.

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 and the Group have not prepared a cash flow statement.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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 acquisition of subsidiaries.

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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 retained earnings 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Revenue

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

Income Statement

Revenue

Conscia Group (Conscia) generates revenue from the sale of hardware, software, support services and consultancy services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company 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 support services. However, each deliverable is not integrated or interrelated with one another and could be performed by another party. 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 standalone selling prices of each performance obligation are always directly observable.

Conscia has concluded that it is the principal in its contracts with customers. The customer contracts do in general not include any variable consideration in the form of volumerebates, customer bonuses or price concessions.

Revenue from the sale of hardware is recognised at the point in time when control of the hardware is transferred. This is generally on delivery of the hardware at the customer's location.

The software sold by the Conscia are characterised as granting the customer a right-to-use the intellectual property as the customer contracts for the sale of software do not require the company to undertake activities that significantly affect the license. The software sold by the company has a significant standalone functionality and the customer is able to direct the use of, and obtain substantially all of the benefits from, the software at the time that control of the software is transferred to the customer. As such, revenue from the sale of software is recognised at the point in time when control of the software is transferred.

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 company performs, the performance obligation is satisfied over time. Revenue is recognised on a straight-line basis.

Notes to the Financial Statements

23 Accounting Policies (continued)

The service periods varies between 1 to 5 years.

Revenue related to the sale of consultancy services is mostly derived through services with an hourly rate. Revenue generated from these contracts is recognised in the amount to which the company has a right to invoice which corresponds directly with the value to the customer of the company's performance to date. Customers are invoiced on a monthly basis 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 recognised over time on the basis of hours incurred, or costs incurred, relative to the total expected costs.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise and expenses for premises, sales and distribution 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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 changes in deferred tax for the year. The tax attributable to the profit for the 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.

Balance Sheet

Intangible 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 years.

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.

Acquried other similer rights are mesured at the lower of cost less accumulated amortisation and recoverable amount.

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 raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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	1-13 years
Other fixtures and fittings	3-5 years

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Lease liabilities are subsequently measured by increasing increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:- the amount of the initial measurement of lease liability- any lease payments made at or before the commencement date less any lease incentives received- any initial direct costs, and- restoration costs.

Variable lease payments are recognised on a straight-line basis as an expense in profit or loss.

The Group has elected to recognise short-term leases and leases of low-value assets.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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

23 Accounting Policies (continued)

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.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

23 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

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 liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
EBITDA ratio	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
EBITDA normalized ratio	$\frac{\text{EBITDA normalized x 100}}{\text{Revenue}}$
EBITA ratio	$\frac{\text{EBITA x 100}}{\text{Revenue}}$