Conscia A/S

Kirkebjerg Parkvej 9, 2., DK-2605 Brøndby

Annual Report for 1 October 2022 - 30 September 2023

CVR No. 36 45 09 83

The Annual Report was presented and adopted at the Annual General Meeting of the company on 13/12 2023

Jacob Bryde Christensen
Chairman of the general meeting

Contents

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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 2022 - 30 September 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations for 2022/23.

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, 13 December 2023

Executive Board

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

Board of Directors

Morten Marc Hübbe Chairman	Sisse Fjelsted Rasmussen	Jacob Gustav Brandt
Emil André Schacher	Anne Sophie M Lotgering	Rolf Ernst Torsøe

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 2023 and of the results of the Group's and the Parent Company's operations for the financial year 1 October 2022 - 30 September 2023 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 2022 - 30 September 2023, 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.

Hellerup, 13 December 2023

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 2022 - 30 September 2023 Incorporated: 2 December 2014 Financial year: 9th financial year Municipality of reg. office: Brøndby
Board of Directors	Morten Marc Hübbe, chairman Sisse Fjelsted Rasmussen Jacob Gustav Brandt Emil André Schacher Anne Sophie M Lotgering Rolf Ernst Torsøe
Executive Board	Erik Gunnar Bertman Jacob Bryde Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

Company	Residence	Ownership
Conscia A/S	**Denmark**	
Conscia Nederland B.V.	Holland	100 %
Conscia Danmark A/S	Denmark	100 %
NIL d.o.o.	Slovenia	100 %
xevIT GmbH	Germany	100 %
Ethcon GmbH	Germany	100 %
Lifecon GmbH	Germany	100 %
Conscia Norway AS	Norway	100 %
Conscia Sverige AB	Sweden	100 %
Miradot AB	Sweden	100 %
Conscia U.S., Inc.	USA	100 %

Financial Highlights

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

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	4,336,926	3,276,862	2,750,113	2,291,914	1,949,758
Gross profit/loss	1,079,828	939,756	850,206	693,729	520,443
EBITDA	411,736	333,316	292,108	258,003	202,685
EBITDA Normalized*	436,244	351,735	311,571	266,365	222,803
EBITA	355,211	280,674	246,330	219,515	156,829
Profit/loss of financial income and expenses	-116,419	-109,284	-89,606	-84,226	-65,909
Net profit/loss	73,627	26,010	13,404	18,764	10,899
Balance sheet					
Balance sheet total	2,921,653	2,655,810	2,374,421	2,247,485	1,899,176
Investment in property, plant and equipment	59,281	48,348	61,784	33,396	78,194
Equity	451,449	402,859	350,116	371,247	290,626
Number of employees	926	894	838	699	501
Ratios					
Gross margin	24.9%	28.7%	30.9%	30.3%	26.7%
EBITDA ratio	9.5%	10.2%	10.6%	11.3%	10.4%
EBITDA normalized ratio	10.1%	10.7%	11.3%	11.6%	11.4%
EBITA ratio	8.2%	8.6%	9.0%	9.6%	8.0%
Profit margin	6.0%	5.6%	5.5%	5.9%	5.5%
Return on assets	8.9%	6.9%	6.3%	6.0%	5.6%
Solvency ratio	15.5%	15.2%	14.7%	16.5%	15.3%
Return on equity	17.2%	6.9%	3.7%	5.7%	2.9%

* Normalized reported EBITDA is adjusted for non-recurring items. The majority of the Group's non-recurring costs are related to M&A activity, associated due diligence and integration costs.

For definition and explanation of financial ratios a reference is made to note 23 - Accounting policies.

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 - Conscia A/S (Conscia), and address business activities, strategy, sustainability, and risk management from the perspective of Conscia A/S.

Organizational structure

All companies in the Group are directly owned 100% by Conscia A/S.

As of 30 September 2023, Conscia had 1020 employees, an increase of 7% (68 employees) since September 2022. 763 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 over 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's ambition</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 EBITDA and revenue growth and market share gains.

Management's review

Strategy execution

In the financial year 2022/23, Conscia continued to execute its Network of Knowledge strategy. The core of this strategy and its ambitions remain unchanged since the launch in 2019, and in 2022/23, Conscia continued its focus 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 Group 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 last year, showcasing our expertise across diverse technologies. These awards validate our strategy of investing in people, knowledge, and market approach.

Development in the year

Revenue was DKK 4.337 million, corresponding to a growth of 32 % versus last year and above expectations of high single digit growth. Revenue growth was mainly driven by strong sales and commercial activities across the group, and by the normalization of the supply change issues experienced during 2021/22 related to COVID. Performance was particularly strong in sale of hardware and software, supported by high growth in software subscriptions and a stable growth in our services business. The acquisitions of Miradot, ethcon and lifecon late in the year made an additional minor contribution to this strong performance. Conscia continues to have a healthy mix of organic and inorganic growth.

Normalized EBITDA came to DKK 436 million, a growth of 24.6% versus last year and above expectations of high single digit EBITDA growth. This was mainly driven by the strong growth in Revenue and associated margins, further supported by strong cost control in our fixed cost base.

The number of employees grew by 68, driven by all other countries than the Netherlands, and also impacted by the acquisitions of Miradot, ethcon and lifecon.

Since April 2023, Conscia’s supply chain has been normalized.

Management considers the results satisfactory.

Corporate Governance

This section covers the governance of Conscia A/S, but as the main activities consist of owning capital shares of the affiliated companies.

By virtue of its Private Equity ownership, though the ultimate parent Capnor Connery HoldCo A/S is subject to “Guidelines for responsible ownership and good corporate governance” as defined by the trade association of Active in Owners Denmark. The guidelines are available at the website www.aktiveejere.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. 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 2023, The Board of Directors of Conscia A/S consisted of five people, two women and three men. The Executive Board consists of two men, the CEO and the CFO.

The target is that at least three out of seven members of the Board of Directors and Executive Management level are women by 2025. Conscia's long-term ambition is to have a balanced representation in the Board of Directors. The target of having at least three female members out of seven Board and Executive Management members by 2023 was not met as there have been no changes to the Board of Directors or Executive Management.

Conscia aims to attain a more balanced gender split in its leadership positions at all management levels. By the end of 2022/2023, female workers constituted 19,2% of all employees, as 18% of managers and team leads were women. The latter corresponds to an increase of 7 percentage points from last year. 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.

The Board of Directors

Chairperson of Conscia's Board of Directors, Morten Hübbe, was also CEO of Tryg A/S from 2011 to 2023 and has been a member of SimCorp A/S' Board of Directors since 2018, and Vice-chairman since 2019. Morten Hübbe is Chairperson of SimCorp A/S' Nomination and Remuneration Committee since 2019 and Chairman of Siteimprove since 2020. Morten Hübbe has been Chairman of Trystly since June 2023.

Board member Rolf Torsøe is Managing Director, Nordic Capital, and board member of Signicat and Siteimprove.

Board member Jacob Brandt is Investment Manager at Nordic Capital.

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

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

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

Share based remuneration

To encourage common goals between key employees and the Group's strategy, an investment program for management, external board members, and a number of employees was established in 2019. Please see note 2 for further information.

Key Risk

Conscia is exposed to uncertainties and risk factors, which may affect some or all its activities. The group monitors key risks to access and mitigate their impact.

Management's review

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 Group. 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.

Interest Rate risks

Conscia is exposed to fluctuations in interest rates. The Group monitors interest rate developments and takes advice from advisors on how best to mitigate the impact of changes in interest rates.

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 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-Group balance of foreign subsidiaries at the balance sheet date constitute a risk. The Group 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-Group 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.

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 Group's 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

In 2022/23 the longer delivery cycles, that were previously reported in 2020/21 and 2021/22, returned to normal.

Outlook for 2023/2024

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 2023/24, Conscia expects to deliver a normalized EBITDA (reported EBITDA adjusted for non-recurring costs) in the range of DKK 470 million to DKK 520 million and add more than 120 employees compared with 2022/23. The majority of our non-recurring costs are related to M&A activity, associated due diligence and integration costs.

This view is considered to be the most likely scenario. However, global 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 2022/23 constitutes the statutory statement on social responsibility of Conscia A/S and its subsidiaries covering 1 October 2022 to 30 September 2023 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.

Conscia's business model

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 2023 was DKK 4,337 million, and the Group had 1020 employees as of 30 September 2023. For further information about the Group's key financials and results, please refer to page 7.

Sustainability and IT

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.

Materiality assessment

A materiality assessment involving stakeholders from inside and outside Conscia has established an overview of the Group'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 Group needs to perform well to support the business strategy and meet stakeholder expectations: Socially responsible operations, diversity, working conditions, and student programs & knowledge sharing.

Sustainability objectives

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

Environmental responsibility: Committing to keep reducing our environmental footprint as a Group 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 Group'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, CO2 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 Group'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 2023/24 to further strengthen the Group'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 2022/23, our CO2 emissions for scope 1 and scope 2 were 924 (937 for 2021/22) and 1121 (1387 for 2022/23)) metric tons, respectively, covering Conscia's headquarters and all subsidiaries. These CO2 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.

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 Group'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 2022/23 reached an average employee Net Promoter Score (eNPS) of 58 on a scale of 1 to 100. This is considered top 10% in the industry.

Last year , Conscia launched its Employee Development Process across the group to support our Learn for Life value and philosophy. With this, we have further strengthened 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 Group 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. One more country has been added to this program in 2022/23 and it is now running in five of our six 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 Group'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 Group 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 whistleblower system has also been established, where knowledge or suspicions of violations may be reported anonymously and without fear of repercussions. In 2022/23, 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 2022/23, 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 Group policies. Thus, there is a risk of non-compliance and violations of legislation and internal policies, including the Group'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.

Data Ethics

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

The Group 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 2022 - 30 September 2023

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Revenue	1	4,336,926	3,276,862	0	0
Other operating income		3,483	4,467	0	0
Expenses for raw materials and consumables		-3,020,902	-2,091,329	0	0
Other external expenses		-239,679	-250,244	-332	-620
Gross profit		**1,079,828**	**939,756**	**-332**	**-620**
Staff expenses	2	-667,816	-606,440	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-152,960	-149,169	0	0
Profit/loss before financial income and expenses		**259,052**	**184,147**	**-332**	**-620**
Income from investments in subsidiaries		0	0	57,314	6,456
Financial income	4	7,989	8,727	374	281
Financial expenses	5	-124,408	-118,011	-36,821	-32,562
Profit/loss before tax		**142,633**	**74,863**	**20,535**	**-26,445**
Tax on profit/loss for the year	6	-69,006	-48,853	2,204	2,626
Net profit/loss for the year	7	**73,627**	**26,010**	**22,739**	**-23,819**

Balance sheet 30 September 2023

Assets

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Acquired licenses		189,223	157,780	0	0
Acquired other similar rights		10,195	5,332	0	0
Goodwill		1,098,465	1,096,458	0	0
Intangible assets	8	**1,297,883**	**1,259,570**	**0**	**0**
Land and buildings		70,335	78,987	0	0
Other fixtures and fittings, tools and equipment		92,504	81,500	0	0
Property, plant and equipment	9	**162,839**	**160,487**	**0**	**0**
Investments in subsidiaries	10	0	0	1,183,751	1,170,142
Investments in associates	11	0	47	0	0
Deposits	12	6,505	6,521	0	0
Other receivables	12	59,574	54,652	0	0
Fixed asset investments		**66,079**	**61,220**	**1,183,751**	**1,170,142**
Fixed assets		**1,526,801**	**1,481,277**	**1,183,751**	**1,170,142**
Inventories	13	**169,792**	**117,795**	**0**	**0**

Balance sheet 30 September 2023

Assets

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Trade receivables		664,797	701,829	0	0
Contract work in progress	14	50,275	36,416	0	0
Receivables from group enterprises		0	0	7,230	4,826
Other receivables	15	167,381	88,485	0	0
Deferred tax asset	17	0	0	129	129
Corporation tax		3,244	3,296	0	0
Corporation tax receivable from group enterprises		0	0	4,833	4,659
Prepayments	16	93,243	95,798	0	0
Receivables		**978,940**	**925,824**	**12,192**	**9,614**
Cash at bank and in hand		**246,120**	**130,914**	**0**	**0**
Current assets		**1,394,852**	**1,174,533**	**12,192**	**9,614**
Assets		**2,921,653**	**2,655,810**	**1,195,943**	**1,179,756**

Balance sheet 30 September 2023

Liabilities and equity

	Note	Group 2022/23	Group 2021/22	Parent company 2022/23	Parent company 2021/22
		TDKK	TDKK	TDKK	TDKK
Share capital		629	629	629	629
Reserve for hedging transactions		11,106	18,525	0	0
Reserve for exchange rate conversion		-5,714	-1,705	0	0
Retained earnings		445,428	370,705	653,320	630,581
Equity attributable to shareholders of the Parent Company		**451,449**	**388,154**	**653,949**	**631,210**
Minority interests		0	14,705	0	0
Equity		**451,449**	**402,859**	**653,949**	**631,210**
Provision for deferred tax	17	17,454	22,501	0	0
Provisions		**17,454**	**22,501**	**0**	**0**
Credit institutions		302,000	326,531	203,517	211,160
Lease obligations		88,044	69,640	0	0
Prepayments received from customers		34,637	10,538	0	0
Corporation tax		3,244	2,587	0	0
Payables to group enterprises relating to corporation tax		29,730	21,233	0	0
Other payables		9,793	12,959	0	0
Deferred income		135,760	104,083	0	0
Long-term debt	18	**603,208**	**547,571**	**203,517**	**211,160**

Balance sheet 30 September 2023

Liabilities and equity

		Group		Parent company	
	Note	2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Lease obligations	18	25,834	41,763	0	0
Prepayments received from customers		59,901	40,175	0	0
Trade payables		505,858	452,894	0	0
Contract work in progress	14	1,935	161	0	0
Payables to group enterprises		653,176	710,735	338,211	337,095
Payables to associates		0	364	0	0
Corporation tax	18	36,898	11,809	0	0
Payables to group enterprises relating to corporation tax		22,658	18,178	0	0
Other payables	18	336,427	244,873	266	291
Deferred income	19	206,855	161,927	0	0
Short-term debt		**1,849,542**	**1,682,879**	**338,477**	**337,386**
Debt		**2,452,750**	**2,230,450**	**541,994**	**548,546**
Liabilities and equity		**2,921,653**	**2,655,810**	**1,195,943**	**1,179,756**

Contingent assets, liabilities and other financial obligations	20
Related parties	21
Fee to auditors appointed at the general meeting	22
Accounting Policies	23

Statement of changes in equity

Group

	Share capital	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
Equity at 1 October	629	18,525	-1,705	370,705	388,154	14,705	402,859
Exchange adjustments	0	0	-4,009	0	-4,009	0	-4,009
Fair value adjustment of hedging instruments, end of year	0	-7,419	0	0	-7,419	0	-7,419
Other equity movements	0	0	0	-13,609	-13,609	-14,705	-28,314
Net profit/loss for the year	0	0	0	88,332	88,332	0	88,332
Equity at 30 September	**629**	**11,106**	**-5,714**	**445,428**	**451,449**	**0**	**451,449**

Parent company

	Share capital	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 October	629	0	0	630,581	631,210	0	631,210
Net profit/loss for the year	0	0	0	22,739	22,739	0	22,739
Equity at 30 September	**629**	**0**	**0**	**653,320**	**653,949**	**0**	**653,949**

Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
The Group derives revenue from the following product lines:				
Solutions	3,392,783	2,455,678	0	0
Service	944,143	821,184	0	0
	4,336,926	**3,276,862**	**0**	**0**
Geographical segments				
Denmark	1,564,223	1,206,124	0	0
Nordic ex. Denmark	1,217,306	775,986	0	0
Netherlands	844,549	687,890	0	0
Slovenia	302,908	263,342	0	0
Germany	407,940	343,520	0	0
	4,336,926	**3,276,862**	**0**	**0**

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

Revenue recognized in the current reporting period that related to performance obligations that were satisfied in a prior year.

The Group derives revenue in the above major geographical regions.

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
2. Staff Expenses				
Wages and salaries	540,534	483,168	0	0
Pensions	59,730	54,987	0	0
Other social security expenses	65,985	53,073	0	0
Other staff expenses	1,567	15,212	0	0
	667,816	**606,440**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors:				
Executive board	5,602	5,198		
Board of directors	1,788	1,560		
	7,390	**6,758**		
Average number of employees	**926**	**894**	**0**	**0**

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 11 years or until an exit event occurs.

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

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Amortisation of intangible assets	96,150	96,527	0	0
Depreciation of property, plant and equipment	56,810	52,642	0	0
	152,960	**149,169**	**0**	**0**

4. Financial income

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	0	0	374	281
Other financial income	7,989	8,727	0	0
	7,989	**8,727**	**374**	**281**

5. Financial expenses

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	78,757	64,268	36,743	32,498
Other financial expenses	35,707	5,320	0	0
Exchange adjustments, expenses	9,944	48,423	78	64
	124,408	**118,011**	**36,821**	**32,562**

6. Income tax expense

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	85,253	52,992	-2,085	-2,240
Deferred tax for the year	-14,777	-3,397	-119	0
Adjustment of tax concerning previous years	-1,089	-950	0	-143
Adjustment of deferred tax concerning previous years	-381	208	0	-243
	69,006	**48,853**	**-2,204**	**-2,626**

7. Profit allocation

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Minority interests' share of net profit/loss of subsidiaries	-14,705	0	0	0
Retained earnings	88,332	26,010	22,739	-23,819
	73,627	**26,010**	**22,739**	**-23,819**

Notes to the Financial Statements

8. Intangible fixed assets

Group

	Acquired licenses	Acquired other similar rights	Goodwill
	TDKK	TDKK	TDKK
Cost at 1 October	206,464	36,323	1,481,169
Exchange adjustment	372	30	563
Net effect from merger and acquisition	49,264	0	75,949
Additions for the year	0	7,845	0
Disposals for the year	0	-27	0
Cost at 30 September	256,100	44,171	1,557,681
Impairment losses and amortisation at 1 October	48,684	30,991	384,711
Exchange adjustment	-179	19	-280
Amortisation for the year	18,372	2,993	74,785
Reversal of amortisation of disposals for the year	0	-27	0
Impairment losses and amortisation at 30 September	66,877	33,976	459,216
Carrying amount at 30 September	**189,223**	**10,195**	**1,098,465**
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	127,260	168,834
Exchange adjustment	300	-935
Net effect from merger and acquisition	0	375
Additions for the year	9,916	49,365
Disposals for the year	-1,580	-25,099
Cost at 30 September	135,896	192,540
Impairment losses and depreciation at 1 October	48,273	87,334
Exchange adjustment	952	-1,666
Depreciation for the year	17,578	39,232
Reversal of impairment and depreciation of sold assets	-1,242	-24,864
Impairment losses and depreciation at 30 September	65,561	100,036
Carrying amount at 30 September	**70,335**	**92,504**
Amortised over	1 - 10 years	1 - 8 years
Including assets under finance leases amounting to	70,355	39,508

Notes to the Financial Statements

10. Investments in subsidiaries

	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Cost at 1 October	1,170,142	1,150,798
Additions for the year	13,609	19,344
Cost at 30 September	1,183,751	1,170,142
Carrying amount at 30 September	**1,183,751**	**1,170,142**

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	100%
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%

11. Investments in associated companies

	Group		Parent company	
	2022/23 TDKK	2021/22 TDKK	2022/23 TDKK	2021/22 TDKK
Cost at 1 October	47	45	0	0
Exchange adjustment	-2	2	0	0
Disposals for the year	-45	0	0	0
Cost at 30 September	0	47	0	0
Carrying amount at 30 September	**0**	**47**	**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	0%

12. Other fixed asset investments

Group

	Deposits	Other receivables
	TDKK	TDKK
Cost at 1 October	6,521	54,652
Exchange adjustment	-71	0
Additions for the year	55	4,922
Cost at 30 September	6,505	59,574
Carrying amount at 30 September	**6,505**	**59,574**

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

13. Inventories

Finished goods and goods for resale	169,792	117,795	0	0
	169,792	**117,795**	**0**	**0**

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

14. Contract work in progress

Selling price of work in progress	56,654	42,408	0	0
Payments received on account	-6,379	-5,992	0	0
	50,275	**36,416**	**0**	**0**

Notes to the Financial Statements

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	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Assets	24,579	28,452	0	0

16. Prepayments

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

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
17. Provision for deferred tax				
Deferred tax liabilities at 1 October	22,501	11,710	-129	114
Deferred tax from acquisitions and other adjustments	12,547	14,188	0	-243
Other adjustments	-969			
Amounts recognised in the income statement for the year	-14,777	-3,397	-119	0
Amounts recognised in equity for the year	-1,848	0	119	0
Deferred tax liabilities at 30 September	**17,454**	**22,501**	**-129**	**-129**

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		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	302,000	326,531	203,517	211,160
Long-term part	302,000	326,531	203,517	211,160
Within 1 year	0	0	0	0
	302,000	**326,531**	**203,517**	**211,160**
Lease obligations				
After 5 years	0	15,044	0	0
Between 1 and 5 years	88,044	54,596	0	0
Long-term part	88,044	69,640	0	0
Within 1 year	25,834	41,763	0	0
	113,878	**111,403**	**0**	**0**
Prepayments received from customers				
After 5 years	0	0	0	0
Between 1 and 5 years	34,637	10,538	0	0
Long-term part	34,637	10,538	0	0
Within 1 year	59,901	40,175	0	0
Short-term part	59,901	40,175	0	0
	94,538	**50,713**	**0**	**0**
Corporation tax				
After 5 years	0	0	0	0
Between 1 and 5 years	3,244	2,587	0	0
Long-term part	3,244	2,587	0	0
Within 1 year	36,898	11,809	0	0
	40,142	**14,396**	**0**	**0**

Notes to the Financial Statements

Payables to group enterprises relating to corporation tax

Between 1 and 5 years	29,730	21,233	0	0
Long-term part	29,730	21,233	0	0
Within 1 year	22,658	18,178	0	0
	52,388	**39,411**	**0**	**0**

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	9,793	12,959	0	0
Long-term part	9,793	12,959	0	0
Other short-term payables	336,427	244,873	266	291
	346,220	**257,832**	**266**	**291**

Deferred income

After 5 years	522	199	0	0
Between 1 and 5 years	135,238	103,884	0	0
Long-term part	135,760	104,083	0	0
Within 1 year	206,855	161,927	0	0
Short-term part	206,855	161,927	0	0
	342,615	**266,010**	**0**	**0**

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.

Notes to the Financial Statements

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.

The Company has during the year bought shares to its fully-owned parent company - AX IV CON ApS for TDKK 13,609. The transaction has not been executed at arm's length.

Consolidated Financial Statements

The company is included in the consolidated annual accounts for Capnor Connery HoldCo A/S. The annual reports for 2022/2023 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 Financial Statements for Capnor Connery HoldCo A/S, where the audit fee for the entire group is presented.

23. Accounting policies

The Annual Report of Conscia A/S for 2022/23 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 2022/23 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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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 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.

Acquried other similer rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the remaining licence period, and licences are amortised over the licence period; The amortisation period is 3 years for acquired other similiar rights and 5-15 years for acquired licences.

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.

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