# *Configit Holding A/S*

Midtermolen 3, DK-2100 København Ø

# Annual Report for 1 January - 31 December 2021

CVR No 37 35 88 27

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/5 2022

Søren Elmann Ingerslev
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 Configit Holding A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2021.

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.

Copenhagen, 27 April 2022

**Executive Board**

Johan Carl Wilhelm Salenstedt

**Board of Directors**

Allan Jensen Vestergaard
Chairman

Allan Bach Pedersen

Torben Brandt Munch

Michael Moesgaard Andersen

Preben Damgaard Nielsen

# Independent Auditor's Report

To the Shareholders of Configit Holding 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 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Configit Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 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.

**Management's responsibilities for the Financial Statements**

# Independent Auditor's Report

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, 27 April 2022
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

| | |
|---|---|
| Jacob F Christiansen<br>statsautoriseret revisor<br>mne18628 | Jakob Thisted Binder<br>statsautoriseret revisor<br>mne42816 |

# Company Information

| | |
|---|---|
| **The Company** | Configit Holding A/S<br>Midtermolen 3<br>DK-2100 København Ø<br><br>CVR No: 37 35 88 27<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Copenhagen |
| **Board of Directors** | Allan Jensen Vestergaard, Chairman<br>Allan Bach Pedersen<br>Torben Brandt Munch<br>Michael Moesgaard Andersen<br>Preben Damgaard Nielsen |
| **Executive Board** | Johan Carl Wilhelm Salenstedt |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup |

# Financial Highlights

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

| | Group | | | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Gross profit/loss | 87,467 | 75,672 | 103,728 | 105,717 | 120,557 |
| Profit/loss before financial income and expenses | -61,080 | -64,530 | -63,319 | -57,817 | -15,581 |
| Net financials | -7,763 | -10,683 | -7,216 | -1,976 | -7,669 |
| Net profit/loss for the year | -64,482 | -68,873 | -59,108 | -54,784 | -25,324 |
| **Balance sheet** | | | | | |
| Balance sheet total | 440,809 | 426,207 | 473,866 | 480,824 | 483,931 |
| Investments in property, plant and equipment | 577 | 695 | 1,605 | 3,937 | 1,713 |
| Investments in intangible assets | 20,530 | 21,333 | 22,116 | 20,963 | 20,183 |
| Invested capital | 340,286 | 357,850 | 413,977 | 428,135 | 448,362 |
| Equity | 251,616 | 283,790 | 355,667 | 327,084 | 350,384 |
| **Ratios** | | | | | |
| Return on assets | -13.9% | -15.1% | -13.4% | -12.0% | -3.2% |
| Solvency ratio | 57.1% | 66.6% | 75.1% | 68.0% | 72.4% |
| Return on equity | -24.1% | -21.5% | -17.3% | -16.2% | -7.2% |

A correction to equity has been made in 2020.

# Management's Review

2021 was a great year for Configit. We continued to execute "Strategy 2023" and grew our market- and mindshare. The Configuration Lifecycle Management (CLM) trend continued to expand and is widely accepted by the market and analysts.

While some customers still experienced challenges due to the pandemic, the majority accelerated their investments in CLM. We saw a trend where customers who had implemented CPQ systems some years ago turned to CLM as they realized that CPQ wasn't the answer for the more and more comprehensive digital future.

This resulted in a strong growth of CLM customers (also labelled "Configit ACE" customers), rising from five to eighteen by the end of the year.

The strategic decision to move to subscription sales has been implemented with success and as a result more than 80% of the licenses sales were subscriptions in 2021. CLM is strategic and mission critical for our customers, which resulted in most of the contracts being five years instead of the market norm that is closer to three years or even less.

During 2021 we experienced a high demand from partners such as Accenture and Cognizent to enable and build practices targeted towards Configit and our technology. To meet the demand and ensure that our partners can supply their customers with the right knowledge, Configit introduced a consulting certification program. The goal is to further enhance this program in 2022 to make sure that our customers will be supported in the best way possible and to have more than 100 Configit Certified consultants embedded with our partners by the end of 2022.

Over a number of years, we have seen the interest in adding visualization capabilities to our technology. The trend of Digital Twin has strongly grown over a couple of years but also Digital Showroom has become something that our customers are looking for.

In 2021, we established a partnership with Unity, the market leading supplier of visualization software. Their background within the gaming industry gives them unique capabilities in this space. The combination of the best configuration software form Configit with the best visualization technology from Unity, has been received very well and the market acceptance has been resounding.

We continued to build and enhance our Partner organization to support the market demand. We invested in building US focused Partner resources with the intent to grow a strong local partner community to further fuel the growth and market footprint.

Revenues for 2021 were up compared to 2020 despite the growing part of subscription revenue. The overall license business volume grew very fast and more than doubled compared to 2020 now resulting in a license sales volume of +100m DKK.

Our Remaining Contract Value (RCV) also grew at a very high pace and 2021 ended with an RCV growth 106% higher than 2020. The growth proves the importance Configit plays for our customers and the long-term commitment our customers place with us.

# Management's Review

Configit celebrated success in the North American market where a number of market leading, global brands entered into long term relationships with Configit. We also made a breakthrough at the Asian market where Configit entered into a contract with a leading global brand within the Automotive space. We have already seen that this initiative has resulted in interest from other brands and with this engagement proven that Configit is able to implement CLM into global automotive mass market producers.

Overall, the Annual Recurring Revenue (ARR) grew 42% which gives Configit a strong foundation for future success. Furthermore, we closed a record number of license transactions over 1 MUSD in value where the largest transaction was +5 MUSD in license revenue alone.

During Configit's transition to subscription pricing and revenue, further capital was needed and raised during 2021. All major shareholders subscribed to the increase as did the key employees holding shares in Configit.

We continue to have a strong focus on Pipeline Management to optimize our ability to predict and match market demands and meet our growth expectations. During 2021 we further enhanced the way we build an effective pipeline management process by introducing an Inside Sales function. That allowed a more effective balance between nurturing leads, serving customer needs, and accelerating sales.

Additionally, we have introduced new digital marketing tools to enable us to be more precise about segments and organizational levels to reach with an aligned market message. Our Account Based Marketing has given us an opportunity to spend our marketing budgets more effectively and therefore resulted in a better result with higher Pipeline Value despite the same investment spend.

In total the open pipeline grew with 71% in 2021.

To build the best-in-class R&D practice, we saw a need to establish a more rigid foundation and development framework. It is a natural step forward from our agile development method and in the autumn of 2021, we introduced SAFe (Scaled Agile Framework). As early as at the beginning of 2022, we observed how the introduction of SAFe is helping us become more effective within our development team.

During 2021 we extended our business relationship with some key customers, including closing the strategic expansion with Signify Coopers. Other important deals are Emerson, Rockwell and FM Global and during the last part of 2021 an existing customer – AGCO – extended their contract with Configit as an effort in widening the deployment and use of our technology.

We are confident that Configit is in a strong position to maintain and extend the leadership within CLM. Our offering is supporting the all digital trend of the future. Through our many and significant customer references, we can showcase the pivotal role Configit plays in our customers digital transformation processes.

# Management's Review

In 2022 we plan to launch our market leading CLM platform Ace with Cloud capabilities which will increase attractiveness but also allow for easier and faster deployment,  which we expect will boost our license revenue from 2022 and onwards.

All combined, we look forward to 2022 and to grow our relationship with our partners, our existing customers, and new ones to come.

**Key activities**

The Group:

The main activities of the Configit Group continue to be the development and sale of business software for configuration of products and services.

During 2021 the Group has continued its research and development efforts in software that enables the implementation of true CLM solutions where the core of the software comprises the Virtual Tabulation® Technology patented by Configit.

Configuration Lifecycle Management continues to be the center of all marketing and sales activities in Configit and is expected to experience significant growth over the coming years. CPQ, with its mature market, is still an important element in many CLM solutions, including being a lead generator for Configit, but CPQ only fulfills part of the needs of the customers. Configit's full CLM solution covers not only the sales side (CPQ), but also the engineering, the production, as well as the services side. This "full-circle" CLM offering is unique to Configit.

Parent company:

The main activity of the parent company is ownership of shares and business management of the subsidiaries. The holding company is owned by Polaris Private Equity together with a number of private investors, amongst them employees of the Configit Group.

# Management's Review

### Market overview

### Development in the year

The Group:

The loss before tax for 2021 shows a result of DKK -68,843,464 / EUR -9,240,733 and an EBITDA of DKK -20,990,624 / EUR -2,817,533. The Group balance sheet as of 31 December 2021 shows an equity of DKK 251,616,430 / EUR 33,774,017, corresponding to a solvency ratio of 57,08 % on an aggregate balance sum of DKK 440,809,098 / EUR 59,169,006. (The exchange rate used for DKK versus EUR is based on the official exchange rate from the Danish National Bank as published on 31st of December 2021.)

Management considers the financial result to be in line with what was originally expected at the start of the year despite the pandemic still being in play.

Parent company:

The parent company's loss before tax for 2021 shows a result of DKK -64,482,022 / EUR -8,655,305 and an EBITDA of DKK -3,296,552 / EUR -442,490. The company's balance sheet as of 31 December 2021 shows an equity of DKK 251,616,430 / EUR 33,774,017, corresponding to a solvency ratio of 65,68 % on an aggregate balance sum of DKK 383,080,770 / EUR 51,420,238. (The exchange rate used for DKK versus EUR is based on the official exchange rate from the Danish National Bank as published on 31st of December 2021.)

# Management’s Review

**Outlook**

The Group:

Management expects the investments and initiatives already executed to result in a positive trend in revenue and activity growth as Configit transitions to a more subscription-based license model.

Configit continues to balance costs with the current revenue levels and the performance outlook.

The Group also expects the CLM market to expand and grow, both in terms of market recognition and sales opportunities. The Configit Group will continue to prioritize maintaining its leadership within the CLM space and further advance Configit’s position as the preferred supplier of demanding and complex configuration solutions to the world’s most demanding configuration challenges.

Configit Group will continue its investments in the North American and European markets.

Parent company:

Management expects a positive trend in the activity growth in 2022, both in the parent company as well as in its international subsidiaries.

***Operating risks***

The Group and parent company:

The growth of Configit’s business is based on a number of success criteria. Management believes the Group performs well in respect to these criteria. However, certain factors can impact the success of the Group and therefore represent a potential risk. Configit’s management and board of directors consider the following general risk factors to be the most important:

# Management's Review

***Potential pandemic effects***

The customers of Configit operate within the complex manufacturing space and in many different regions and countries across the globe. Therefore there is a potential risk to our business in the situation where a pandemic situation would occur. The risk consists mainly of two different scenarios:

1) A slowdown in demand whereby the revenue for our customers decrease.

2) Challenges within our customers' supply chain whereby they are not able to obtain parts to manufacture at normal speed.

The solution that Configit delivers is mission critical and will normally be prioritized, even during challenging periods, which has been proved during the Covid-19 pandemic. While a pandemic situation would have an effect on the business for Configit, it is hard to estimate the details of such an impact.

***Customers and markets***

1) The risk that the market for CLM and CPQ software is impacted by general market conditions limiting the opportunities for growth for the Group.

2) The risk of competitors anticipating trends in the markets earlier than Configit and affecting a more structured expansion of their international distribution networks.

Through detailed market research and cooperation with analysts, Configit aims to be on the forefront of the development in the market in which Configit operates.

***Corporate culture and know-how***

1) The risk of failure to continue to attract, retain, and develop the best employees and failure to identify and incentivize the best management talent.

2) The risk of failure, in connection with acquisitions and expansion of new business areas, to integrate new employees into the organization and to maintain, protect, and continue Configit's strong corporate values as a fundamental element of business development.

Configit works to constantly be an attractive place to work with a clear value set and strategic direction.

# Management's Review

***Products***

1) The risk that competitors' product innovation is better able to meet market requirements.

2) The risk of inadequate quality control and testing of the Group's products prior to the release of new software versions.

Through a clear product direction that is aligned with the market through customer forums and input from market analysts, Configit maintains a roadmap which is attractive to existing and potential customers alike.

***Contract risks***

1) The risk that the Group's customer contracts or other agreements impose abnormal obligations on Configit. This is the risk of failure to draft customer contracts and other agreements in a balanced way, taking into account local business practices, customers' legitimate requirements, as well as protection of the Group's material business interests.

**IT environment**

1) The risk of breakdown or temporary interruption of IT systems not adequately backed up by technical infrastructure that restores critical business IT services immediately.

**Financial risk**

1) The risk comprises currency risk, liquidity risk, and credit risk. The Group manages financial risk by ensuring sufficient procedures and controls are in place to ensure that potential losses from these risks are exposed as early as possible.

Management continuously monitors the development of the identified risk factors and reports on these to the Board of Directors. This enables the Board's ability to support management with their tasks and make the required decisions to handle the identified risks.

**Intellectual capital resources**

The Group and parent company:

The most significant knowledge resources are primarily the employees of the Group. The employees are generally highly educated specialists within software development, project management, and IT implementation, specifically focusing on configuration. The employees continue to contribute significantly to the Groups results in the coming years.

# Management's Review

## Capital resources

The Group:
The Group has capitalized DKK 50,247,278 relating to the Group's research and development activities within the Company's normal product range. This corresponds to c. 57,45 % of the Groups' gross profit.

These activities are depreciated from time of completion in a period corresponding to the expected time in which the activities will contribute positively to the Group's growth and earnings.

As the Group continues to invest in improvements of the Group's product portfolio, the depreciation period is estimated to be 5 years in average.

The value of the capitalized research and development activities is evaluated continuously. It is the Management's view that the value that is stated in the Annual report for 2021 is fair.

The Group expects these activities to contribute to the Group's continued growth and earnings.

## Statement of corporate social responsibility

Our Business

Our software enables our customers to focus on efficiency gains throughout their production processes, which means improved efficient productions with less resources. In modern manufacturing an increasing number of products becoming configurable – meaning a single product has multiple options for each variation— is a fast-growing trend.  Today everything from cars to elevators to lighting systems have customized options. Configit CLM technology can enable our customers with the concept of "green configuration," in which a configurator can be used to show the customer the environmental consequences of their configuration choices – and help them meet their own sustainability goals. This concept is nascent but catching on quickly. Demand for green configuration is rising across sectors, and within a few years, this approach will be a necessity.

During the last year we have increased our focus on raising awareness of green configuration via blogs, Tech talks and whitepaper about "Configit Sustainability Transformation in Manufacturing".

We aim at creating transparency around the environmental gains inherent in our product and how these may enable and facilitate businesses on their green transformation journey. Serving as an enabler of efficiency gains, facilitating sustainable, responsible production is inherent to our business.

Configit works closely with a large variety of partners who sell and implement our software on our behalf. Configit is headquartered in Denmark, with subsidiaries in the United Kingdom, Germany, and the US.

At Configit, we also take responsibility for the way we operate our own business through focus on:

Our Responsibility

# Management's Review

As the leader in Configuration Lifecycle Management, Configit is committed to providing global manufacturers transformative, business-critical solutions for the configuration of complex products in a sustainable, responsible way. Our commitment is based on a fundamental respect for internationally recognized principles for sustainable development; human rights (including labour rights), the environment, and anti-corruption.

We believe that Configit has social responsibilities as well as financial, and we have therefore implemented the internationally agreed standard for responsible business conduct: The UN Guiding Principles for Business and Human Rights (UNGPs), covering social sustainability, and the OECD Guidelines for Multinational Enterprises (OECD), covering environmental and economic sustainability. As part of our due diligence, we conduct annual impact assessments to identify our risks in these three areas, outline our actions to prevent or mitigate identified risks, and develop indicators to track the effectiveness of our actions.

Our responsibility for sustainable development is embedded in our "Commitment" that fulfils the requirements from UNGPs/OECD and the expectations of the Annual Accounts Act of a policy for human rights, which per definition covers labour rights and 'social issues', a policy for the environment, also covering climate change, and a policy for anti-corruption. Similarly, our Commitment and due diligence processes covers "data ethics" defined as risks of adverse impacts on basic rights stemming from handling and processing data.

In addition to Configit implementing the international standard for responsible business conduct, we expect the same from our business relationships. As we, per definition, are responsible for the adverse impacts of our business relationships, the most effective way to seek to prevent or mitigate such impacts, will be that our business relationships also meet the standard. And that they raise a similar demand to their business relationships. For this purpose we have adopted and published our Code of Conduct for Business Relationships.

Respect for Human Rights

Configit's Corporate Commitment to sustainability is aligned with the UNGPs. As part of our efforts to demonstrate human rights due diligence, we carried out an update of our human rights impact assessment covering our Headquarter in Copenhagen and our Danish activities.

In our impact assessment we identified risks of impact on 14 of the 54 areas covered by human rights. Not surprisingly our risks of severe impact were identified in relation to two human rights: right to privacy and intellectual property rights. We continuously work to prevent and mitigate our impact in these essential areas. In addition, we are preventing or mitigating our risks in the other identified areas to ensure that such risks do not evolve into severe impacts.

We welcome persons, that may be at risk of experiencing impacts, or business relationships, that would have an interest in taking a look into our actions and how we measure effectiveness of our actions, to contact us.

# Management's Review

In addition, we found that our products hold the capacity to contribute considerably to the human right 'freedom of information'.

Environment and Climate

Configit's commitment to responsible business conduct encompasses due diligence for environmental impacts, including impacts on the climate. Our commitment to implement the OECD Guidelines means that we continuously identify, where we are at risk of impacting the environment. We found that we are not at risk of causing or contributing to significant impacts, but we have a strong focus on reducing $CO_2$ emissions.

We are also proud that our products can contribute to reducing $CO_2$ emissions for our customers e.g. by enabling more efficient communication between sales and production and by eliminating manufacturing errors resulting from faulty configurations.

Respect for economic sustainability – anti-corruption

Responsible business conduct entails that Configit also commits to due diligence in relation to economic sustainability, hereunder anti-corruption. We implement the OECD Guidelines in all areas of our business. In our impact assessments covering our activities in Denmark, we identified few risks related to economic sustainability, hereunder corruption and bribery. Similar to any other business we prevent or mitigate risks in relation to e.g. cronyism and nepotism, as well as risks associated with disproportionately large gifts. During 2020 we implemented appropriate procedures in this area.

Social and Staff Matters

Configit's employees are the backbone of the company, and their well-being, health, and safety in the workplace are crucial to our success as a business. All these areas are covered by our human rights impact assessments and thus covered by our Commitment. Dignity and respect is a core concept in Configit. All employees receive our Global Staff Manual .It includes all our policies, which are updated annually. The Staff Manual also includes our values and isavailable on our intranet. All new employees are introduced to our commitment, and to the Global Staff Manual during onboarding training. Furthermore, Configit carries out an engagement survey annually for all employees as to maintain and further develop a healthy working environment. These initiatives lay the foundation for a work environment where our employees feel motivated, acknowledged and productive.  We support, that our staff is active and social outside of working hours. We normally host three formal staff events every year, and regular informal social gatherings occur as well. The character of these has been both challenged and changed during the Pandemic, due to the impact of the pandemic, but we are looking forward to going back to normal.

At the end of the financial period Configit had 72 employees in Denmark, which is a decrease of 11 during the year. Additionally, Configit had 58 employees in the rest of the world, which is a decrease of 2 during the year.

# Management's Review

During 2022, Configit will complete the implementation of a whistleblower procedure that ensures all customers, employees, managers, and Board members have an alternative reporting mechanism. The policy and procedure will provide employees with a knowledge of how to act, if they become aware of or have suspicion of fraud, bribery, or other factors that are against the law or Configit' internal rules.

Statutory Report on the Gender Composition of Management

We are committed to respect human rights. This implies that we shall ensure equal opportunities for promotion to our employees at all levels of our business. We are aware that women are underrepresented on the Board of Directors and in the Executive Management Team. As of 31 December 2021, we have 0 women and 5 men on the Board of Directors. Our owners' focus on women in management, and Configit has the target to have at least one representative of the underrepresented gender on the Board of Directors before the end of 2023. Our focus has enabled that the representation of women in the top management has grown since 2019. Thus, Configit currently has two women and six men in the Executive Management Team.

To mitigate underrepresentation, we strive to find suitable female candidates when recruiting for open positions at Configit. While qualification is the highest priority, we ensure that candidates of all genders are equally considered during the hiring process through dialogue between management, HR, and the hiring manager. At the end of 2020, 24% of the total staff were women.

Key Performance Indicators for 2022

1. Publish Commitment on webpage
2. Establish a GHG emissions protocol for Configit.
3. Carry through annual re-assessments in Denmark as part of our due diligence
4. Conduct impact assessments for one new location as part of our due diligence

# Management's Review

## Configit Holding A/S' capital structure

Configit Holding A/S' share capital is split into 15 classes of shares ref. note 10.

Management regularly assesses the adequacy of the capital structure. The Board of Directors also regularly assess whether the Group's capital structure is in accordance with the objectives of the Group, as well as the objectives of parties with a vested interest. The overall objective is to maintain a capital structure that supports profitability in the long term. As of 31 December 2021, the interest-bearing debt of the Group totals t.DKK 61.622 (2020: tDKK 75.579), which is considered to be a reasonable level in relation to the current need for financial flexibility. The Group's guidelines and procedures for management of the capital structure have not changed in 2021.

In connection with Polaris Private Equity's investment in Configit Group in 2016, part of the purchase price was financed through Jyske Bank. As of 31 December 2021, the balance is DKK -52,843,034, which is recorded in the holding company Configit Holding A/S.

Management believes the current capital structure provides appropriate flexibility to meet the future strategy of the Group.

## Company information

The primary owners are Polaris Private Equity who have the majority vote and who are represented in the Board of Directors.

The Board of Directors have held 4 board meetings and 3 extraordinary meetings during the financial year. These have been held both virtually through video conference and in person. Furthermore, a number of meetings have been held during the year covering specific topics including various oversight of projects and management tasks.

The Group Management makes monthly financial reports and follows up on recorded differences to the forecast and budget on a regular basis. Periodic cashflow forecasts are made based on current expectations for receipts and payments in order to manage and follow up on liquidity. This work is reviewed by the Board of Directors.

The Board has not established any separate formal committees (for example remuneration committee or audit committee) due to the size of the company. The Board regularly assesses whether such committee are required in order to ensure adequate focus on e.g. risk management.

# Management's Review

### Ownership

Configit Holding A/S is owned approx. 57% by Polaris Private Equity. The following companies own more than 5% of the share capital:

•Andersen Advisory Group A/S, CVR-no. 15 27 37 71

•Damgaard Company A/S, CVR- no. 25 53 83 15

•HRA ApS, CVR- no. 33 39 05 64

Polaris Private Equity is a member of Active Owners Denmark (formerly called the Danish Venture Capital and Private Equity Association (DVCA)) and therefore Configit adheres to the guidelines and recommendations published by Active Owners Denmark and comments if any recommendations are not followed. For further information please refer to www.aktiveejere.dk.

### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Income Statement 1 January - 31 December

| | Note | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| | | DKK | DKK | DKK | DKK |
| **Gross profit/loss** | | **87,466,514** | **75,671,962** | **6,212,944** | **6,419,557** |
| Staff expenses | 1 | -108,457,138 | -98,042,243 | -9,509,496 | -6,943,848 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -40,089,546 | -41,963,540 | 0 | 0 |
| Other operating expenses | | 0 | -195,844 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **-61,080,170** | **-64,529,665** | **-3,296,552** | **-524,291** |
| Income from investments in subsidiaries | | 0 | 0 | -59,215,601 | -65,366,928 |
| Financial income | 2 | 3,239,026 | 4,780,009 | 6,458,849 | 2,272,770 |
| Financial expenses | 3 | -11,002,320 | -15,463,047 | -8,428,718 | -4,949,950 |
| **Profit/loss before tax** | | **-68,843,464** | **-75,212,703** | **-64,482,022** | **-68,568,399** |
| Tax on profit/loss for the year | 4 | 4,361,442 | 6,340,013 | 0 | -304,291 |
| **Net profit/loss for the year** | | **-64,482,022** | **-68,872,690** | **-64,482,022** | **-68,872,690** |

# Balance Sheet 31 December

## Assets

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Note | 2021 | 2020 | 2021 | 2020 |
| | | DKK | DKK | DKK | DKK |
| Completed development projects | | 49,998,975 | 47,361,776 | 0 | 0 |
| Acquired patents | | 248,303 | 263,823 | 0 | 0 |
| Goodwill | | 289,770,950 | 310,346,402 | 0 | 0 |
| **Intangible assets** | 5 | **340,018,228** | **357,972,001** | **0** | **0** |
| Other fixtures and fittings, tools and equipment | | 812,042 | 2,659,255 | 0 | 0 |
| Leasehold improvements | | 621,186 | 0 | 0 | 0 |
| **Property, plant and equipment** | 6 | **1,433,228** | **2,659,255** | **0** | **0** |
| Investments in subsidiaries | 7 | 0 | 0 | 328,255,825 | 321,744,257 |
| Other receivables | 8 | 2,810,902 | 2,820,930 | 0 | 0 |
| **Fixed asset investments** | | **2,810,902** | **2,820,930** | **328,255,825** | **321,744,257** |
| **Fixed assets** | | **344,262,358** | **363,452,186** | **328,255,825** | **321,744,257** |
| Trade receivables | | 29,948,264 | 43,903,275 | 0 | 0 |
| Receivables from group enterprises | | 0 | 0 | 53,349,010 | 49,055,054 |
| Other receivables | | 134,809 | 0 | 3,173 | 969 |
| Deferred tax asset | 12 | 4,516,817 | 5,200,000 | 0 | 0 |
| Corporation tax | | 5,994 | 6,000 | 5,994 | 6,000 |
| Prepayments | 9 | 1,319,407 | 1,014,330 | 0 | 0 |
| **Receivables** | | **35,925,291** | **50,123,605** | **53,358,177** | **49,062,023** |
| **Cash at bank and in hand** | | **60,621,449** | **12,630,970** | **1,466,768** | **8,636** |
| **Currents assets** | | **96,546,740** | **62,754,575** | **54,824,945** | **49,070,659** |
| **Assets** | | **440,809,098** | **426,206,761** | **383,080,770** | **370,814,916** |

# Balance Sheet 31 December

## Liabilities and equity

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Note | 2021 | 2020 | 2021 | 2020 |
| | | DKK | DKK | DKK | DKK |
| Share capital | 10 | 5,782,155 | 5,417,318 | 5,782,155 | 5,417,318 |
| Retained earnings | | 245,834,275 | 278,373,096 | 245,834,275 | 278,373,096 |
| **Equity** | | **251,616,430** | **283,790,414** | **251,616,430** | **283,790,414** |
| Credit institutions | | 36,351,254 | 50,430,556 | 36,351,254 | 49,811,806 |
| Other payables | | 39,266,398 | 37,561,294 | 33,055,613 | 31,472,877 |
| **Long-term debt** | 13 | **75,617,652** | **87,991,850** | **69,406,867** | **81,284,683** |
| Credit institutions | 13 | 52,843,035 | 213,938 | 52,843,035 | 213,938 |
| Trade payables | | 12,959,097 | 11,619,778 | 1,037,440 | 1,294,551 |
| Payables to group enterprises | | 1,972 | 0 | 873,971 | 786,683 |
| Other payables | 13 | 33,702,825 | 19,229,305 | 7,303,027 | 3,444,647 |
| Deferred income | 14 | 14,068,087 | 23,361,476 | 0 | 0 |
| **Short-term debt** | | **113,575,016** | **54,424,497** | **62,057,473** | **5,739,819** |
| **Debt** | | **189,192,668** | **142,416,347** | **131,464,340** | **87,024,502** |
| **Liabilities and equity** | | **440,809,098** | **426,206,761** | **383,080,770** | **370,814,916** |

| | |
|---|---|
| Subsequent events | 19 |
| Distribution of profit | 11 |
| Contingent assets, liabilities and other financial obligations | 17 |
| Related parties | 18 |
| Accounting Policies | 20 |

# Statement of Changes in Equity

**Group**

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | DKK | DKK | DKK |
| **2021** | | | |
| Equity at 1 January | 5,417,318 | 278,373,096 | 283,790,414 |
| Cash capital increase on 24 June | 361,980 | 36,483,700 | 36,845,680 |
| Cash capital increase on 9 December | 2,857 | 164,342 | 167,199 |
| Exchange adjustments relating to foreign entities | 0 | -4,704,841 | -4,704,841 |
| Net profit/loss for the year | 0 | -64,482,022 | -64,482,022 |
| **Equity at 31 December** | **5,782,155** | **245,834,275** | **251,616,430** |

**Group**

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| **2020** | | | |
| Equity 1. januar | 5,417,318 | 350,249,785 | 355,667,103 |
| Correction | 0 | -6,511,511 | -6,511,511 |
| Adjusted equity  at 1 January | 5,417,318 | 343,738,274 | 349,155,592 |
| Exchange adjustments relating to foreign entities | 0 | 3,507,512 | 3,507,512 |
| Net profit/loss for the year | 0 | -68,872,690 | -68,872,690 |
| **Equity at 31 December** | **5,417,318** | **278,373,096** | **283,790,414** |

# Statement of Changes in Equity

**Parent**

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | DKK | DKK | DKK |
| **2021** | | | |
| Equity at 1 January | 5,417,318 | 278,373,096 | 283,790,414 |
| Cash capital increase on 24 June | 361,980 | 36,483,700 | 36,845,680 |
| Cash capital increase on 9 December | 2,857 | 164,342 | 167,199 |
| Exchange adjustments relating to foreign entities | 0 | -4,704,841 | -4,704,841 |
| Net profit/loss for the year | 0 | -64,482,022 | -64,482,022 |
| **Equity at 31 December** | **5,782,155** | **245,834,275** | **251,616,430** |

**Parent**

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| **2020** | | | |
| Equity 1. januar | 5,417,318 | 350,249,785 | 355,667,103 |
| Correction | 0 | -6,511,511 | -6,511,511 |
| Adjusted equity at 1 January | 5,417,318 | 343,738,274 | 349,155,592 |
| Exchange adjustments relating to foreign entities | 0 | 3,507,512 | 3,507,512 |
| Net profit/loss for the year | 0 | -68,872,690 | -68,872,690 |
| **Equity at 31 December** | **5,417,318** | **278,373,096** | **283,790,414** |

# Cash Flow Statement 1 January - 31 December

| | Note | Group 2021 DKK | Group 2020 DKK | Parent 2021 DKK | Parent 2020 DKK |
|---|---|---|---|---|---|
| Net profit/loss for the year | | -64,482,022 | -68,872,690 | -64,482,022 | -68,872,690 |
| Adjustments | 15 | 38,786,557 | 46,306,565 | 56,480,629 | 68,348,399 |
| Change in working capital | 16 | 21,739,673 | 42,644,693 | 887,844 | 2,347,552 |
| **Cash flows from operating activities before financial income and expenses** | | **-3,955,792** | **20,078,568** | **-7,113,549** | **1,823,261** |
| Financial income | | -333,199 | 8,509,372 | 6,458,849 | 2,272,770 |
| Financial expenses | | -11,002,316 | -9,772,216 | -8,428,717 | -3,519,712 |
| **Cash flows from ordinary activities** | | **-15,291,307** | **18,815,724** | **-9,083,417** | **576,319** |
| Corporation tax received | | 5,044,631 | 5,339,584 | 6 | 616,655 |
| **Cash flows from operating activities** | | **-10,246,676** | **24,155,308** | **-9,083,411** | **1,192,974** |
| Purchase of intangible assets | | -20,530,988 | -21,332,906 | 0 | 0 |
| Purchase of property, plant and equipment | | -378,758 | -695,197 | 0 | 0 |
| Fixed asset investments made etc | | 10,028 | -8,958 | -65,727,169 | 6,511,511 |
| Sale of fixed asset investments etc | | 0 | 160,155 | 0 | 0 |
| **Cash flows from investing activities** | | **-20,899,718** | **-21,876,906** | **-65,727,169** | **6,511,511** |
| Repayment of loans from credit institutions | | 38,763,733 | 0 | 39,382,483 | 0 |
| Repayment of payables to group enterprises | | 1,973 | 0 | 87,288 | -4,017,023 |
| Cash capital increase | | 36,845,680 | 0 | 36,845,680 | 0 |
| Cash capital reduction | | 167,199 | 0 | 167,199 | 0 |
| Correction | | 0 | -6,511,511 | 0 | -6,511,511 |
| **Cash flows from financing activities** | | **75,778,585** | **-6,511,511** | **76,482,650** | **-10,528,534** |
| **Change in cash and cash equivalents** | | **44,632,191** | **-4,233,109** | **1,672,070** | **-2,824,049** |
| Cash and cash equivalents at 1 January | | 12,417,032 | 16,807,278 | -205,302 | 2,618,747 |

# Pengestrømsopgørelse 1. januar - 31. december

| | Note | 2021<br>DKK | 2020<br>DKK | 2021<br>DKK | 2020<br>DKK |
|---|---|---|---|---|---|
| Exchange adjustment of current asset investments | | 3,572,226 | -157,137 | 0 | 0 |
| **Cash and cash equivalents at 31 December** | | **60,621,449** | **12,417,032** | **1,466,768** | **-205,302** |
| Cash and cash equivalents are specified as follows: | | | | | |
| Cash at bank and in hand | | 60,621,449 | 12,630,970 | 1,466,768 | 8,636 |
| Overdraft facility | | 0 | -213,938 | 0 | -213,938 |
| **Cash and cash equivalents at 31 December** | | **60,621,449** | **12,417,032** | **1,466,768** | **-205,302** |

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK | DKK | DKK | DKK |
| **1 Staff expenses** | | | | |
| Wages and salaries | 120,610,840 | 108,897,552 | 9,459,612 | 6,901,434 |
| Pensions | 810,169 | 886,190 | 0 | 0 |
| Other social security expenses | 4,162,680 | 4,350,036 | 31,356 | 22,916 |
| Other staff expenses | 3,404,437 | 5,241,373 | 18,528 | 19,498 |
| | **128,988,126** | **119,375,151** | **9,509,496** | **6,943,848** |
| Transfer to production wages | -20,530,988 | -21,332,908 | 0 | 0 |
| | **108,457,138** | **98,042,243** | **9,509,496** | **6,943,848** |
| **Average number of employees** | **137** | **153** | **4** | **4** |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 2 Financial income

| | Group 2021 DKK | Group 2020 DKK | Parent 2021 DKK | Parent 2020 DKK |
|---|---|---|---|---|
| Interest received from group enterprises | 0 | 0 | 5,927,568 | 0 |
| Other financial income | 2,326,586 | 4,780,009 | 0 | 2,040,299 |
| Exchange gains | 912,440 | 0 | 531,281 | 232,471 |
| | **3,239,026** | **4,780,009** | **6,458,849** | **2,272,770** |

## 3 Financial expenses

| | Group 2021 DKK | Group 2020 DKK | Parent 2021 DKK | Parent 2020 DKK |
|---|---|---|---|---|
| Interest paid to group enterprises | 0 | 0 | 219,785 | 0 |
| Other financial expenses | 11,002,320 | 15,463,047 | 8,000,047 | 4,389,402 |
| Exchange loss | 0 | 0 | 208,886 | 560,548 |
| | **11,002,320** | **15,463,047** | **8,428,718** | **4,949,950** |

# Notes to the Financial Statements

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | | DKK | DKK | DKK | DKK |
| 4 | **Tax on profit/loss for the year** | | | | |
| | Current tax for the year | 155,375 | 0 | 0 | 0 |
| | Deferred tax for the year | -4,516,817 | 0 | 0 | 1,417,862 |
| | Adjustment of tax concerning previous years | 0 | -6,036,008 | 0 | -1,113,571 |
| | Adjustment of deferred tax concerning previous years | 0 | -304,005 | 0 | 0 |
| | | **-4,361,442** | **-6,340,013** | **0** | **304,291** |

## 5 Intangible assets

**Group**

| | Completed development projects | Acquired patents | Goodwill |
|---|---|---|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 165,604,336 | 310,385 | 411,509,041 |
| Additions for the year | 20,530,988 | 0 | 0 |
| Cost at 31 December | 186,135,324 | 310,385 | 411,509,041 |
| Impairment losses and amortisation at 1 January | 118,510,222 | 46,562 | 101,162,639 |
| Amortisation for the year | 17,626,127 | 15,520 | 20,575,452 |
| Impairment losses and amortisation at 31 December | 136,136,349 | 62,082 | 121,738,091 |
| **Carrying amount at 31 December** | **49,998,975** | **248,303** | **289,770,950** |

The Group's development projects comprise development of new functionality in the Group's product portfolio (Ace, Model, Build and Quote) as well as development of cloudbased solutions/products. The projects are progressing as planned, and the cost are capitalized on an ongoing basis. The individual projects are amortised over the shorter of the sellable life of product or 5 years. The amortisation begins at completion. Market research and customer interest show an increased interest for the key competences of the Group – development and research in software that enables implementation of CLM (Configuration Lifecycle Management) the core of which is the patented technology of the parent company Configit A/S.

# Notes to the Financial Statements

## 6 Property, plant and equipment

**Group**

| | Other fixtures and fittings, tools and equipment | Leasehold improvements |
|---|---|---|
| | DKK | DKK |
| Cost at 1 January | 8,255,755 | 1,008,751 |
| Additions for the year | 271,879 | 305,513 |
| Disposals for the year | -392,163 | 0 |
| Cost at 31 December | 8,135,471 | 1,314,264 |
| Impairment losses and depreciation at 1 January | 6,099,990 | 505,308 |
| Depreciation for the year | 1,438,099 | 187,770 |
| Reversal of impairment and depreciation of sold assets | -214,660 | 0 |
| Impairment losses and depreciation at 31 December | 7,323,429 | 693,078 |
| **Carrying amount at 31 December** | **812,042** | **621,186** |

# Notes to the Financial Statements

## 7 Investments in subsidiaries

| | Parent 2021 | Parent 2020 |
|---|---|---|
| | DKK | DKK |
| Cost at 1 January | 551,821,752 | 551,821,752 |
| Additions for the year | 70,000,000 | 0 |
| Cost at 31 December | 621,821,752 | 551,821,752 |
| Value adjustments at 1 January | -230,077,495 | -161,706,568 |
| Net effect from change of accounting policy | 0 | -6,511,511 |
| Net profit/loss for the year | -38,640,149 | -44,791,476 |
| Other equity movements, net | -4,272,831 | 3,507,512 |
| Amortisation of goodwill | -20,575,452 | -20,575,452 |
| Value adjustments at 31 December | -293,565,927 | -230,077,495 |
| **Carrying amount at 31 December** | **328,255,825** | **321,744,257** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership | Equity | Net profit/loss for the year |
|---|---|---|---|---|---|
| Configit A/S | Copenhagen, Denmark | 41,806,783 | 100% | 38,484,875 | -38,640,149 |

## 8 Other fixed asset investments

| | Group Other receiv-ables |
|---|---|
| | DKK |
| Cost at 1 January | 2,820,930 |
| Exchange adjustment | -10,028 |
| Cost at 31 December | 2,810,902 |
| Revaluations at 1 January | 0 |
| Revaluations at 31 December | 0 |

# Notes to the Financial Statements

## 8 Other fixed asset investments (continued)

| | Group |
|---|---|
| | Andre tilgodeha-vender |
| | DKK |
| Impairment losses at 1 January | 0 |
| Impairment losses at 31 December | 0 |
| **Carrying amount at 31 December** | **2,810,902** |

## 9 Prepayments

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

## 10 Share capital

The share capital is broken down as follow:

| | Number | Nominal value |
|---|---|---|
| | | DKK |
| A-shares | 0 | 1,231,050 |
| AA-shares | 0 | 248,019 |
| B-shares | 0 | 392,567 |
| BB-shares | 0 | 87,310 |
| C-shares | 0 | 2,899,094 |
| CC-shares | 0 | 562,132 |
| X-shares | 0 | 1 |
| Y-shares | 0 | 1 |
| P-shares | 0 | 361,981 |
| | | **5,782,155** |

There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

| | Parent | |
|---|---|---|
| | 2021 | 2020 |
| | DKK | DKK |
| **11 Distribution of profit** | | |
| Retained earnings | -64,482,022 | -68,872,690 |
| | **-64,482,022** | **-68,872,690** |

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK | DKK | DKK | DKK |
| **12 Deferred tax asset** | | | | |
| Deferred tax asset at 1 January | 5,200,000 | 4,895,997 | 0 | 1,417,862 |
| Amounts recognised in the income statement for the year | 4,516,817 | 0 | 0 | -1,417,862 |
| Amounts recognised in the year | -5,200,000 | 304,003 | 0 | 0 |
| **Deferred tax asset at 31 December** | **4,516,817** | **5,200,000** | **0** | **0** |

## 13 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 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK | DKK | DKK | DKK |
| **Credit institutions** | | | | |
| Between 1 and 5 years | 36,351,254 | 50,430,556 | 36,351,254 | 49,811,806 |
| Long-term part | 36,351,254 | 50,430,556 | 36,351,254 | 49,811,806 |
| Other short-term debt to credit institutions | 52,843,035 | 213,938 | 52,843,035 | 213,938 |
| | **89,194,289** | **50,644,494** | **89,194,289** | **50,025,744** |

# Notes to the Financial Statements

## 13 Long-term debt (continued)

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK | DKK | DKK | DKK |
| **Other payables** | | | | |
| After 5 years | 0 | 6,088,417 | 0 | 5,848,701 |
| Between 1 and 5 years | 39,266,398 | 31,472,877 | 33,055,613 | 25,624,176 |
| Long-term part | 39,266,398 | 37,561,294 | 33,055,613 | 31,472,877 |
| Other short-term payables | 33,702,817 | 19,229,305 | 7,303,027 | 3,444,647 |
| | **72,969,215** | **56,790,599** | **40,358,640** | **34,917,524** |

## 14 Deferred income

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

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK | DKK | DKK | DKK |

## 15 Cash flow statement - adjustments

| | | | | |
|---|---|---|---|---|
| Financial income | -3,239,026 | -4,780,009 | -6,458,849 | -2,272,770 |
| Financial expenses | 11,002,320 | 15,463,047 | 8,428,718 | 4,949,950 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 40,089,546 | 41,963,540 | 0 | 0 |
| Income from investments in subsidiaries | 0 | 0 | 59,215,601 | 65,366,928 |
| Tax on profit/loss for the year | -4,361,442 | -6,340,013 | 0 | 304,291 |
| Other adjustments | -4,704,841 | 0 | -4,704,841 | 0 |
| | **38,786,557** | **46,306,565** | **56,480,629** | **68,348,399** |

## 16 Cash flow statement - change in working capital

| | | | | |
|---|---|---|---|---|
| Change in receivables | 13,515,126 | 22,507,722 | -4,296,160 | 0 |
| Change in trade payables, etc | 8,224,547 | 20,136,971 | 5,184,004 | 2,347,552 |
| | **21,739,673** | **42,644,693** | **887,844** | **2,347,552** |

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK | DKK | DKK | DKK |

## 17 Contingent assets, liabilities and other financial obligations

**Charges and security**

The following assets have been placed as security with mortgage credit institutes:

Parent company:

Investments in group enterprises with a carrying amount of tDKK 328.256 have been depositedas collateral with a credit institution.

The Group:

Company pledge, nominal tDKK 20.000, in the Groups intangible assets, other fixtures anddebtors has been deposited as collateral with a credit institution.

**Rental and lease obligations**

| | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|
| There has entered into operating lease of premises (TDKK). | 16,571 | 16,344 | 0 | 0 |

**Guarantee obligations**

In accordance with Section 479A of the Companies Act 2006, Configit Limited (UK company number 07883893) is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of guarantee provided by Configit A/S.

**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 by the Group amounts to DKK 0. 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.

The company have guaranteed Configit A/S' commitment with Jyske Bank A/S.

The company has submitted a letter of support to the subsidiary company Configit Build A/S to finance the planned operation in 2022.

# Notes to the Financial Statements

## 18 Related parties

| | Basis |
|---|---|
| **Controlling interest** | |
| Polaris Privat Equity IV KS, Copenhagen | Main shareholder |

**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.

## 19 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 20 Accounting Policies

The Annual Report of Configit Holding A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in DKK.

### Correction

A correction has been made to the comparatives resulting in the equity being negatively affected by DKK 6.5 million and deferred revenue under liabilities to be increased by DKK 6.5 million. The correction has not resulted in any changes to the profit and loss in 2020 and 2021.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Configit Holding 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.

### Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

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.

# Income Statement

**Revenue**

As income recognition criterion for sale of services, the production criterion is applied. Revenue comprises the invoiced revenue for the year reduced by prepayments and with addition for work in progress measured at market value.

As income recognition criterion for license sales, the sales method is applied. Revenue is recognised in the income statement when delivery is made and risk has been transferred to the buyer before the end of the financial year.

As income recognition criterion for sale of support and maintenance, the sales method is applied. Revenue is recognised over the contract period regarding support and maintenance and therefore deferred revenue is recognised within the balance sheet.

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

**Other external expenses**

Other external expenses comprise elling costs, facility costs, administrative expenses, and not capitalised development costs.

**Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

**Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

**Amortisation, depreciation and impairment losses**

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

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

### 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

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### 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.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### Property, plant and equipment

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

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

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.

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:

| | | |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 5 | years |
| Leasehold improvements | 5 | years |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

**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**

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

### Other fixed asset investments

Other fixed asset investments consist of mangler tekst.

### 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.

### Prepayments

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

### Equity

***Dividend***

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

### 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.

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

**Financial debts**

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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.

## Cash Flow Statement

The cash flow statement shows the Group´s and the Parent Company´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s and the Parent Company´s cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

**Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

**Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

# Notes to the Financial Statements

**20 Accounting Policies** (continued)

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

**Explanation of financial ratios**

| | |
|---|---|
| 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 | $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$ |