Capnor Connery HoldCo A/S

c/o Conscia A/S Kirkebjerg Parkvej 9, 2. 2605 Brøndby

CVR No 39 01 89 77

Annual report for

1 October 2019
-
30 September 2020

The Annual Report was presented and adopted at the Annual General Meeting of the Company on: 24 Februar 2021

Chair of the meeting

Martin Adrian Møller

Contents

Company Information

Company
Capnor Connery HoldCo A/S
Kirkebjerg Parkvej 9, 2.
2605 Brøndby

Central Business Registration No	39 01 89 77
Registered in	Brøndby

Financial period: 1 October 2019 - 30 September 2020

Executive Board
Jess Tropp

Board of Directors
Fredrik Näslund
Peter Thorninger
Jess Tropp

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Cvr nr. 33 77 12 31

Key figures

Financial highlights	30 September 2020 TDKK 12 months	30 September 2019 TDKK 9 months*	31 December 2018 TDKK 15 months
Profit and loss accounts			
Revenue	2,292,705	790,626	0
Gross profit	678,393	160,506	0
EBITDA	224,898	6,093	0
Normalized EBITDA**	257,314	63,356	0
Cash normalized EBITDA***	478,538	233,549	0
Profit/loss before financial income and expenses	79,702	(47,247)	0
Net financials	(179,778)	(68,787)	0
Profit/loss for the year	(102,465)	(111,974)	0
Balance sheet			
Total assets	4,615,642	4,237,143	50
Additions during the year - Property, plant and equipment	29,353	3,703	0
Total equity	1,654,910	1,552,912	50
Cash flows			
Net cash flow from operating activities	(5,163)	(90,671)	0
Net cash flow from investing activities	(270,020)	(1,999,423)	0
Cash flow from financing activities	335,282	2,250,473	0
Empolyees			
Average number of employees	689	526	0
Key Ratios			
Gross margin (%)	30%	20%	0%
EBITDA ratio (%)	10%	1%	0%
Normalized EBITDA ratio (%)	11%	8%	0%
Cash normalized EBITDA ratio (%)	21%	30%	0%
Return on assets (%)	-2%	-3%	0%
Solvency ratio (%)	36%	37%	100%
Return on equity (%)	-6%	-7%	0%

For definition of key ratios, see accounting policies.

The company has implemented IFRS on 1 January 2019.

*The conslidated figurs for 2019 only include the period 01 May - 30 September 2019. The consolidated figurs for 2019/2020 includes the full period 1 October 2019 - 30 September 2020.

** Normalized EBITDA is adjusted for non-recurring costs.

*** Cash normalized EBITDA is including total deferred income relating to IFRS 15.

Management's Review

The significant activities of the Group

Conscia is an ICT service provider that specializes in cyber security, IT infrastructure solutions, and managed services. As a trusted advisor Conscia strives to support the customers ‘mission-critical IT infrastructure’ across the entire value chain from design, implementation, operation and optimization.

The ambition is supported by profound technical competencies and insight, which is displayed through the unique, proprietary customer portal – Conscia Connect. This also forms the basis for a superior customer experience leading to some of the highest customer satisfaction scores in the industry. Another strategic goal for Conscia is to be the most attractive workplace for talented IT infrastructure specialists in Europe.

Currently Conscia Group has more than 700 employees across six countries (Denmark, Sweden, Norway, Germany, Netherlands, and Slovenia), with an annual turnover of 2.2 bn DKK (295 m EUR).

The most significant activities of the parent Company

The main activities of Capnor Connery HoldCo A/S consist of owning Conscia and capital shares of the affiliated companies.

Strategic initiatives and financial matters

The Company continued to execute on the Groupwide strategy called ‘Network of Knowledge’ throughout 2019/20 with the following grand objective:

Enable our customers to fully benefit from global innovations in infrastructure and digitalization while protecting data and system integretiy from them and their customers

The ambition is i) to be the provider of choice to and build and run our customers mission critical IT infrastructure, ii) be the trusted advisor and long-term partner for our customers on cloud/IaaS solutions and cybersecurity, iii) combine customer success efforts with proprietary tools to offer superior customer value and satisfaction and iv) and be the most attractive and admired place to work for talented specialist/ professionals with a passion for the connected world – cloud, network, security and modern IT infrastructure.

The strategy execution is supported by a value creation plan containing four go-to-market streams:

- Drive adoption of Conscia Connect as the digital interface to Conscia for compliance and full life-cycle management of their IT infrastructure for all key customers

- Use thought leadership within selected technologies (e.g. hyper-converged infrastructures and softwared defined networks) from our key vendors to deliver tangible business outcomer to existing and new customers

- Build full value chain security offerings and solidify and cybersecurity brand position

- Continue to expand and grow managed services (network, security and cloud)

Conscia’s performance was also recognized by Cisco, who gave us several awards; e.g. the EMEAR North Partner of the Year (best partner across the Nordics, Benelux, and the Baltics) within Enterprise Networking & Cloud and   Service Provider plus a number of awards at the individual country level: Private Sector Partner of the Year in Norway, Public Sector Partner of the Year in the Netherlands, Transformation & Innovation Partner of the Year in Germany. Conscia was also the first partner worldwide to achieve the Cisco Customer Experience Advanced Specialization Partner certification.

Management's Review

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

People

- In January, an ‘All Managers Meeting’ was conducted in Copenhagen with partipation of ~100 people managers from all six operating countries

- In May, a ‘Tech All Hands Meeting’ was completed with participation of ~250 engineers with training activities and a focus on technical best practice sharing

ONE Platform

- A continued effort on driving digitalization and optimizing one Groupwide IT platform to drive scale and efficiencies

Financial review 2019/20

In the financial year 2019/20 (1 October 2019 – 30 September 2020) the Conscia Group revenue reached DKK 2,293 million, and the normalized EBITDA for 2019/2020 reached DKK 257 million. The normalized cash EBITDA ended at DKK 479 million

The consequences of Covid-19, where many governments around the world decided to "shut down the countries", were in connection with the presentation of the Company's annual report for the financial year 2018/19 at an early stage where there was a high degree of unpredictability of how Covid -19 would affect the Company's financial performance in the financial year 2019/20. Due to these circumstances, management was unable to communicate reliable expectations the Groups activity level and result for the current financial year in the annual report for the financial year 2018/19.

Management considers the results for the year satisfactory compared to the financial year 2018/19.

EBITDA for the parent Company for 2019/2020 shows a loss of DKK 0.1 million. Management considers the results satisfactory compared to fiscal year 2019.

Corporate Governance

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

The organization of management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the Company’s articles of association. I.e. Conscia has based its corporate governance efforts on a two-tier system where the Board of Directors and the Executive Management have two distinct roles. The Executive Management undertakes the operational management of the Company, whereas the Board of Directors determines the overall Company strategy and acts as an active sparring partner to the Executive Management of the Company. In addition, the Board of Directors use committees for special tasks. Thus, a Chairman Committee and an audit committee have been set up.

The Board of Directors consists of 3-5 members (please see below for a more detailed description of the board and executive management). Board meetings and audit committee meetings are held four to five times a year. Additionally, chairman meetings with the CEO of the Company are held 8-10 times per year.

Management's Review

The Board of Directors

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

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

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

Environment, Social, and Governance - ESG

Capnor Connery HoldCo A/S has two large, Danish subsidiaries, who are required to report on social responsibility in line with the requirements of section 99 a of the Danish Financial Statements Act. The following constitutes the consolidated statutory statement and covers policies and activities that have taken place in Conscia A/S and Conscia Danmark A/S.

Conscia bases its business development on combining financial performance with socially responsible behaviour and environmental awareness. Conscia complies with applicable legislation, local as well as international, and in 2017 Conscia joined the UN Global Compact. As a natural part of our commitment to the UN Global Compact, Conscia has developed policies for the ethical conduct of the business.

The value of Conscia Group can no longer be based solely on the Company's financial statements, as the interest for overall sustainability is continuously increasing for both investors and society at large. In order to create a meaningful comparison between companies on their ESG activities Nordic Capital has provided guidance for Conscia on how to evaluate the ESG activities.

Embrace Sustainable Change
The IT industry possesses the ability and potential to transform the world by introducing new technologies and solutions to the market that will not only revolutionise our way of thinking, but also our way of doing business.

At Conscia we are proud and humble to be a part of this digital transformation through the many Infrastructure solutions that Conscia has helped develop over the years and is continuously developing for both the public and private sector.

Through our digital solutions we want to contribute to the formation of a solid and reliable digital foundation for society to operate in. It is our continuous ambition to deliver some of the most society critical administrative systems and complex IT infrastructure solutions available on the market, allowing our customers to optimise their workflows and internal procedures to the most effective administration of their businesses for the benefit of us all.

Management's Review

Environmental Responsibility
In comparison to some other industries, Conscia does not have a big climate impact, since it is an IT Infrastructure Service Company, primarily using our Network of Knowledge as resource. However, we refuse to use this as an excuse for not doing everything that is in our power to reduce our environmental footprint, as we are all troubled by the current developments.

Therefore, we are deeply committed to reducing Conscia's climate impact, which is why we have implemented several procedures and initiatives that are all intended to reduce the Company's overall GHG emissions and resource consumption.

We have a strong and dedicated ambition to keep energy consumption as low as possible when operating IT systems, and as part of our policies and procedures, we continuously monitor and update our daily operations to utilise modern power saving infrastructures both in terms of overall energy consumption and sources of energy.

Conscia's environmental stance is not only reflected in our own initiatives, but also in Conscia's business where we always seek to develop green and sustainable solutions, allowing our customers to also reduce their climate impact.

In 2020, all Environmental initiatives have been included in a 5x5 maturity matrix, 5 levels of maturity and 5 strategic focus areas.

An awareness campaign has been initiated including a signed Management Commitment to the Social Responsibility and Sustainability Actions identified.
A Steering committee has been formed and both a Group and countries has appointed ESG sponsor and owner. Training and communication plans are finalized to be effective in February, where all employees will be informed about the sustainability initiatives through internal webinars and on Intranet portal.
All this information will also adjusted to reach our external stakeholders via Conscia.com.

On energy specific efforts, we have established an electronic device shut down policy, a guide on how to ensure energy-efficient appliances, and energy-saving lightning, and where to use sensors and timers if possible. We are currently defining recommended sustainable commuting options, guidance and policies (public transportation, car-sharing, electrical car as Company car, etc.)

Conscia has established new, more advanced and sustainable ways of working from home, also supported by COVID-19 situation – minimizing out footprint while keeping our employees safe. Currently investigating how to install a solar panels on the roof of our building.

Due to our natur of business our waste focus is currently on the electronic waste, thus we have defined a new Digital waste guide, which will be included in the awareness training for all employees and new hires.

Last but not lease, to ensure sustainable Customer Solutions, Conscia is currently building the foundation for the first Network Operations Center (NOC) Customer Case, which will illustrate best practice on how to reduce the digital footprint for both the customers and Conscia.

Management's Review

Social Engagement
Conscia wishes to be a positive influence and a responsible player in society, both when it comes to our employees and the way our solutions affect the societies we operate in.

As an employer based in several European countries, we play a vital part of educating people digitally and we always strive within our own ranks to be market leading in terms of creating a great working environment with respect for the individual and with the aim of establishing a strong learning platform for everyone involved.

At Conscia, we truly believe in investing in IT talent and education to unfold digital capabilities to the benefit of society at large and our beliefs are not only shown internally in our own organisation, but also externally through our commitment in the local communities, where we work with Schools and Universities to increase and develop digital skills throughout society and across businesses.

Internally we have expanded our Center of Excellence platform, which is a unique learning academy built on principles and experiences that dates to when Conscia was founded. Our educational aims are reflected in our core principle of our Network of Knowledge, which contributes to a profound resource of knowledge led by highly certified and experienced experts to new generations of talents. At the same time, our teams grow strong through a fundamental understanding of the value that lays in sharing and asking for help in this Network of knowledge. We use a common language and a strong methodology that is embodied throughout the organisation, which also ensures that we always deliver the highest quality within scope and time.

At Conscia we recognise the importance of diversity in all aspects of the business, whether it is based on age, background, education, or gender. We know that diversity brings great results across all organisational levels and we are greatly invested in attracting people who adds individuality and uniqueness to the tech and IT industry. Our continued efforts in this regard includes, among others, raise of public awareness, collaborations with educational institutions and social events, just as we generally seek to promote an organisational culture where we inspire trust and respect each other as equals.

At Conscia, we see the value of all human beings regardless of age, gender and social status. We all deserve to be treated with respect and basic human decency, which is why Conscia also firmly denunciates all use of child labour, human trafficking or any other form of forced or compulsory labour. We all have a moral responsibility to ensure a secure environment for those who may not always be able to speak up for themselves. For the same reason, Conscia follows the United Nations' Declaration of Human Rights, just as we have implemented policies regarding Anti-bribery, our general Code of Conduct and a whistle-blower system, where knowledge or suspicions of violations may be reported anonymously and without fear of repercussions.

In 2020, no Human Rights, nor any Anti-bribery incidents has been registered in regards to above policies, via whistleblower or other means. This is believed to be a correct assessment of the compliance with/adherence to policies in place.

Management's Review

Governance
Transparency and Trust is a vital part of any relationship, and in Conscia we understand the importance hereof. This goes for both our relationship with our customers, partners, Company stakeholders and society at large.

Conscia has a two-tier management structure consisting of a Board of Directors and Leadership Team, who ensures accountability and responsibility throughout the Company and across all countries.

We operate in compliance with applicable laws and recommendations on corporate governance throughout the organisation and we have implemented an Anti-bribery and Anti-corruption Policy along with our Code of Conduct, stipulating several guidelines on our ways of doing business' in an ethical manner and with a solid moral foundation, which we believe is key in securing Conscia's sustainability over time.

It is important for Conscia to work towards increasing the diversity in the organisation, and we continuously seek to improve our efforts in this matter.

We constantly seek to minimise the risk of discrepancies between our values, internal guidelines and daily operations of the Company. That way we uphold Conscia's position as a responsible player in society throughout.

ESG ownership and operations
Our ESG initiatives and reporting is organisationally anchored in Communications and Compliance. An ESG steering committee, reporting to Leadership Team, has been established to facilitate and ensure Conscia's continued efforts within the scope of the ESG Strategy.

Reporting
Starting from 2020/2021, Conscia will annually report on the Company's ESG key figures and activities following the guidelines and recommendations from Nordic Capital, adapted to Conscia's business so it may depict the Company in the most precise and complete way possible. The ESG report will include Conscia A/S' statutory statement on corporate social responsibility pursuant to section 99(a) of the Danish Financial Statements Act, as well as Conscia A/S' statutory statement on the underrepresented gender pursuant to section 99(b). Conscia A/S' reporting on Communication on Progress in relation to the principles of the UN Global Compact will also be included in the ESG report.

How to raise an ESG Concern
To report a concern related to an issue which fits the description above, please contact the Company's Chief Compliance Officer: compliance@conscia.com or by using any other appropriate way. Anonymous reports will be accepted.

Management's Review

Employees and organization

Conscia is focused on health and job satisfaction across the Company and ensures that a healthy and safe working environment in accordance with current legislation is provided.

Conscia's employees and their high focus on competencies and skills creates the foundation of the Company. Conscia has its own Conscia University providing a range of development programs for our employees to attend and furthermore 8 Virtual Teams (VTs) covering knowledge sharing across our Group on business critical topics. Conscia has an ongoing dialogue with the employees to always understand how the working environment can be improved. The performance is tracked through an employee satisfaction survey, where Conscia in 2020 reached an average employee Net Promoter Score (eNPS) of 63, which is considered top 10% in the industry.

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

Conscia's overall policy is to employ or promote the best suitable persons no matter of gender. Traditionally, the leading positions within the business are over-represented by men just as applications for new positions are primarily received from men and this complicates the work towards gender balance.

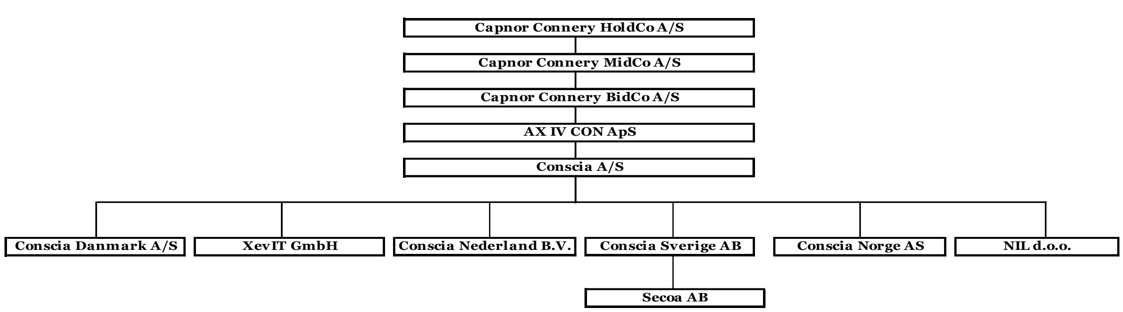
Conscia's policy in relation to the under-represented gender is reassessed on an ongoing basis to create a basis for increasing the gender equality.

Gender composition of Board and Executive Management

The Board of Directors consists of 3 people, all men, and the management team consists of 12 people with a gender split of 25% women and 75% men represented in the team. It is Capnor Connery HoldCo A/S' aim to reflect a larger gender diversity in both the board and Executive Management over time by increasing the number of women in leadership positions. Hence, the Company will continue to work diligently on having both male and female candidates in the recruiting process for management and board positions. The goal is to have at least 1 woman in the top management team (Board or Executive Management) by 2023, out of which at least one woman should be elected for the Board of Directors. The goal for the board was not achieved in 2019, as there have been no changes to the board composition.

Capnor Connery HoldCo A/S does not have any employees and is hence not obligated to report further on gender composition of management.

Organizational structure



All companies in the Group are directly or indirectly owned 100% by Capnor Connery HoldCo A/S.

Management's Review

As of 30 September 2020, Conscia has 689 employees, which is an increase of 31 % (163 employees) since September 2019. 501 employees (76%) are located outside Denmark.

Share based remuneration
In order to encourage common goals between key employees and the Company's strategy, an investment program for management, external board members and a number of employees was established in 2019. Please see note 5 for further information.

Risks

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

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

Employee risks
Conscia acknowledges that the employees are the most important asset of the Company. As Conscia's business model is founded upon IT consultancy and extensive partnerships, having the right competencies with the adequate experience is vital. Therefore, it is important that Conscia continues to attract, retain and develop skilled employees and as such Conscia has initiated several activities to improve the employer branding, employee experience and not least constant development of skills and competencies in the organisation. Failure to do so will negatively impact the continued development of the Company.

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

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

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

Management's Review

IT risks

Conscia uses IT to a significant extent and is vulnerable to interruptions of operation and breaches of the established security. Conscia has a large number of IT security specialists that assist our clients, but also supports the improvement of own IT security to ensure that a high level of security is always maintained.

Additionally, an internal IT Information Security Policy secures the employees are knowledgeable with best possible way of minimizing the risk of exposing or loosing data, in case of accidents, theft, intentional and unintentional data leaks or direct attacks. All employees across the Group has 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 on-going dialogue with external auditor.

Research and development activities

Conscia does not carry out research but is continuously developing internal systems and tool to support its customers' business.

Intellectual capital resources

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

Unusual events

Corona impact

Like all other companies, Conscia was impacted by the Covid-19 pandemic. Mid-March, the Company worked out a Covid-19 response strategy around four priorities:

1) Making people feel safe and reduce concerns
2) Ensuring steady operations and close contact with the customers
3) Assessessment of business impact
4) Taking measures based on various scenarios

Due to execution of a comprehensive mitigation plan, and the Companye’s resilient business model, the impact of Covid-19 was relative low.

The financial position at 30 September 2020 of the Company and the Group and the results of the activities of the Company and the Group for the financial year for 2019/20 have not been affected by any unusual events, not already mentioned in the Management review.

Management's Review

Uncertainty relating to recognition and measurement

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

Outlook for 2020/2021

Conscia is well positioned in an attractive market which is impacted by a number of trends, e.g. shift to hyper-converged infrastructures and software defined networks, cloud transformation, increased cybersecurity risks and cost of network failures. For 2020/2021, Conscia expects to deliver 15-25% growth in revenue and normalized EBITDA and add 50+ more employees compared with 2019/2020.

Ownership

NC CONNERY GP LIMITED holds more than 5% of the shares in Capnor Connery HoldCo A/S.

Events subsequently to the financial year

For a description of subsequent event a reference is made to note 26 in the Consolidated Financial

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Capnor Connery HoldCo A/S for the financial year 1 October 2019 – 30 September 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 30 September 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 October 2019 - 30 September 2020 of the Group.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

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

Brøndby, 24 Februar 2021

Executive Board

Jess Tropp

Board of Directors

Fredrik Näslund Chairman	Jess Tropp
Peter Thorninger	

Independent Auditor's Report

To the Shareholders of Capnor Connery HoldCo A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2020 and of the results of the Group's operations and cash flows for the financial year 1 October 2019 - 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2020 and of the results of the Parent Company's operations for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Capnor Connery HoldCo A/S for the financial year 1 October 2019 - 30 September 2020, 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, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 judgment and maintain professional skepticism 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, 24 Februar 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

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

Consolidated statement of profit or loss

	Note	1 October 2019 to 30 September 2020	1 January to 30 September 2019
		TDKK	TDKK
Revenue	3	2,292,705	790,626
Expenses for materials and consumables	14	(1,490,257)	(478,081)
Other operating income		5,516	470
Other external expenses		(129,572)	(152,509)
Gross profit		**678,393**	**160,506**
Staff expenses	4	(453,495)	(154,413)
EBITDA		**224,898**	**6,093**
Depreciation and amortisation	6	(145,196)	(53,340)
Profit/loss before net financials		**79,702**	**(47,247)**
Financial income	7	7,245	7,704
Financial expenses	8	(187,023)	(76,491)
Profit/loss before tax		**(100,076)**	**(116,034)**
Income tax expense	9	(2,389)	4,060
Profit/loss for the year		**(102,465)**	**(111,974)**

Consolidated statement of comprehensive income

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
Profit for the period	**(102,465)**	**(111,974)**
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(349)	(380)
Fair value adjustment of hedging intruments, net	(3,579)	2,888
Other comprehensive income for the period, net of tax	**(3,928)**	**2,508**
Total comprehensive income for the period	**(106,393)**	**(109,466)**

Consolidated balance sheet

	Note	30 September 2020	30 September 2019
		TDKK	TDKK
Intangible assets	10	3,560,461	3,394,592
Property, plant and equipment	11	46,531	26,053
Right-of-use assets	13	102,528	103,168
Investments in associates		45	45
Other receivables		4,337	1,354
Prepayments		16,518	17,871
Deferred tax assets	12	1,313	1,458
Total non-current assets		**3,731,733**	**3,544,542**
Inventories	14	66,675	55,250
Trade receivables	15	384,967	314,757
Contract assets	16	74,638	36,641
Receivables from associates		0	2,127
Income tax receivables		12,572	46,876
Derivatives		0	3,702
Other receivables	19	36,886	38,456
Prepayments		87,690	34,412
Cash and cash equivalents		220,479	160,380
Total current assets		**883,908**	**692,601**
Total assets		**4,615,642**	**4,237,143**

Consolidated balance sheet

	Note	30 September 2020	30 September 2019
		TDKK	TDKK
Share capital	17	1,873	1,662
Share premium		1,868,897	1,660,716
Foreign currency translation reserve		(729)	(380)
Hedging reserve	19	(691)	2,888
Retained earnings		(214,439)	(111,974)
Total equity		**1,654,910**	**1,552,912**
Borrowings	18	1,960,207	1,616,571
Lease liabilities	13	75,805	81,686
Income tax payables		1,246	20,404
Deferred tax liabilities	12	192,935	205,019
Other payables		2,357	5,388
Deferred income	16	99,267	58,618
Total non-current liabilities		**2,331,818**	**1,987,686**
Borrowings	18	2,224	153,397
Trade payables		197,914	156,842
Lease liabilities	13	27,402	20,928
Income tax payables		4,042	39,306
Prepayments from customers	16	75,613	70,932
Payables to associates		100	2,815
Derivatives		1,113	0
Other payables		198,550	140,751
Deferred income	16	121,957	111,575
Total current liabilities		**628,915**	**696,546**
Total liabilities		**2,960,732**	**2,684,232**
Total equity and liabilities		**4,615,642**	**4,237,143**

Consolidated statement of changes in equity

	Share capital	Share premium	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October 2019	**1,662**	**1,660,716**	**(380)**	**2,888**	**(111,974)**	**1,552,912**
Profit for the year	0	0	0		(102,465)	(102,465)
Other comprehensive income	0	0	(349)	(3,579)	0	(3,928)
Total comprehensive income for the period	**0**	**0**	**(349)**	**(3,579)**	**(102,465)**	**(106,393)**
Transactions with owners in their capacity as owners						
Capital increase	211	208,181	0	0	0	208,392
Total transactions with owners	**211**	**208,181**	**0**	**0**	**0**	**208,392**
Equity at 30 September 2020	**1,873**	**1,868,897**	**(729)**	**(691)**	**(214,439)**	**1,654,910**

Consolidated statement of changes in equity

	Share capital	Share premium	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2019	**50**	**0**	**0**	**0**	**0**	**50**
Profit for the year	0	0	0		(111,974)	(111,974)
Other comprehensive income	0	0	(380)	2,888	0	2,508
Total comprehensive income for the period	**0**	**0**	**(380)**	**2,888**	**(111,974)**	**(109,466)**
Transactions with owners in their capacity as owners						
Capital increase	1,612	1,660,716	0	0	0	1,662,328
Total transactions with owners	**1,612**	**1,660,716**	**0**	**0**	**0**	**1,662,328**
Equity at 30 September 2019	**1,662**	**1,660,716**	**(380)**	**2,888**	**(111,974)**	**1,552,912**

Consolidated cash flow statement

	Notes	1 October 2019 to 30 September 2020	1 January to 30 September 2019
		TDKK	TDKK
Profit/loss for the year		(102,465)	(111,974)
Adjustments	27	(48,144)	(11,821)
Changes in net working capital	28	(2,622)	(21,280)
Interests received		(7,245)	(7,704)
Interests paid		187,023	76,491
Income taxes paid	9	(31,710)	(14,383)
Net cash flow from operating activities		**(5,163)**	**(90,671)**
Purchase of intangible assets	10	(3,167)	(12,354)
Purchase of property, plant and equipment	11	(29,353)	(3,420)
Payment for acquisition of subsidiary, net of cash acquired	21	(237,500)	(1,983,649)
Net cash flow from investing activities		**(270,020)**	**(1,999,423)**
Repayment of borrowings	18	(106,133)	0
Raising of credit institutions	24	298,596	594,953
Principal elements of lease payments	13	593	(6,808)
Cash capital increase		142,227	1,662,328
Dividend paid		0	0
Cash flow from financing activities		**335,282**	**2,250,473**
Net cash flow for the year		**60,099**	**160,380**
Cash and cash equivalents, beginning of the year		160,380	0
Effects of exchange rate changes on cash and cash equivalents		0	0
Cash and cash equivalents at end of the year		**220,479**	**160,380**

Notes

1. Accounting policies
2. Critical accounting estimates and judgements
3. Revenue from contracts with customers
4. Employee costs
5. Share-based payment plans
6. Depreciation and amortisation
7. Financial income
8. Financial expenses
9. Tax on profit for the year
10. Intangible assets
11. Property, plant and equipment
12. Deferred tax
13. Leases
14. Inventories
15. Trade receivables
16. Contract balances
17. Share capital
18. Borrowings
19. Financial risk management
20. Capital management
21. Business combinations
22. Commitments and contingent liabilities
23. Fee to auditors appointed at the general meeting
24. Changes in liabilities arising from financing activities
25. Related parties
26. Events after the balance sheet date
27. Cash flow statement - adjustments
28. Cash flow statement - changes in net working capital
29. List of group companies

Notes

1. Accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

Capnor Connery HoldCo A/S provides through its subsidiaries (the Group) IT solutions, consultancy and services to some of the largest private enterprises and public-sector organizations in the countries in which the Group is represented.

The Annual Report has been prepared under the historical cost convention, except for derivative financial instruments that are measured at fair value. The financial statements are presented in Danish Kroner (DKK), as this is the parent company's functional currency. The financial statements have been rounded to the nearest thousand except when otherwise stated.

Reporting period

In connection with the acquistion of AX IV CON ApS in 2019 and the establishment of the Group, the previous reporting period covers only the period 1 January 2019 - 30 September 2019 (9 months). This years period cover the period 1 October 2019 to 30 September 2020, consequently the the financials are not directly comparable.

Change in accounting estimates

There has been no changes in accounting estimates in the financial year 2019/20.

Change in accounting estimates

No significant new IFRSs or IFRIC interpretations have been implemented in 2019/20 affecting the recognition and measurement in the Financial Statements.

New standards not yet effective

There are no IFRSs or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

Basis of consolidation

The consolidated financial statements include Capnor Connery HoldCo A/S, and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Notes

1. Accounting policies

Foreign currency translation

Functional currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

The results and financial position of foreign operations that have a functional currency different from the Group's presentation currency (DKK) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

Cash flow hedges

The Group uses derivatives (foreign currency forward contracts) to hedge its exposure to foreign currency risk arising from its purchases of goods and services for resale denominated in USD. These derivatives are designated as cash flow hedges for the purpose of hedge accounting.

These derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as other receivables when the fair value is positive and as other payables when the fair value is negative.

Provided the cash flow hedge is effective, changes in the fair value of the hedging instrument are initially recognised in other comprehensive income and taken to the hedging reserve in equity. Any ineffective portion of the change in the fair value of the hedging instrument is recognised directly in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Notes

1. Accounting policies

Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Revenue from contracts with customers

The Group generates revenue from the sale of hardware, software, support services and consultancy services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the 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 support services. However, each deliverable is not integrated or interrelated with one another and could be performed by another party. Therefore, each deliverable is accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. The 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 assessment have been provided in note 2 Critical accounting estimated and judgement.

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

Revenue from the sale of hardware

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

Notes

1. Accounting policies

Revenue from the sale of software

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

Revenue from the sale of support services

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 recognised on a straight-line basis. The service periods varies between 1 to 5 years.

Consultancy services

Revenue related to the sale of consultancy services is mostly derived through services with an hourly rate. Revenue generated from these contracts is recognised in the amount to which the 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 on a monthly basis and consideration is payable when invoiced.

Some contracts for consultancy services related to large projects have a fixed price. The revenue generated in relation to those contracts is recognised over time on the basis of hours incurred, or costs incurred, relative to the total expected costs.

Expenses for materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Notes

1. Accounting policies

Financial income and expenses

Financial income and exepenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes

1. Accounting policies

Intangible assets

Goodwill

Goodwill is measured as described under the accounting policy for business combinations. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Customer contracts, acquired rigths, software and trademark

Separately acquired intangible assets are measured at historical cost. Customer relations, technology and trademark acquired through business combinations are recognised at fair value at the acqusition date. Except for trademarks, separately acquired intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Customer contracts	10-15 years
- Software	5 years
- Acquired rights	5 years
- Trademark	Infinite

Trademark with an indefinite useful life is not amortised, but is tested for impairment annually, or more frequently if events indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Notes

1. Accounting policies

Property, plant and equipment
Property, plant and equipment is measured at historical cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Land and buildings	1-13 years
Other fixtures and fittings, tools and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss as other operating income/expenses.

Leases
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

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

Notes

1. Accounting policies

Impairment of non-current assets
Goodwil and intangible assets with an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

See note 15 for a description of the Group's impairment policies for trade receivables

Prepayments
Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents
Cash and cash equivalents comprises cash and bank balances.

Equity
Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Share premium
Premium on issue of ordinary and preference shares are recognised as share premium.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity.The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Hedging reserve
The hedging reserve includes the cash flow hedge reserve and is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently either ttransferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

Notes

1. Accounting policies

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Financial liabilities
Borrowings are initally recognised at fair value which is generally proceeds received, and net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other financial liabilities, including trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Contract assets/ liabilities
A contract liability is the obligation to transfer good or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

If the Group transfers services or goods to the customer, before receiving payments, a contract asset is recognised when the services or goods are transferred to the custemor.

Share-based payments
The share-based payment agreements of the Group are classified as equity-settled transactions, for which a cost is recognised in the income statement, with a corresponding increase in equity over the period in which the services are fulfilled.

The value of employee services is measured at grant date indirectly with reference to the fair value of the equity instruments granted.

Under the existing share-based payment agreements of the Group, the shares acquired by the employees are purchased on marked terms (i.e. no discounts or abnormal privileges has been afforded to the employees). As a result, no costs associated with the share-based payment agreements are to be recognised.

Further information about the share-based payment agreement is disclosed in note 5.

Notes

1. Accounting policies

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using generally accepted valutaion technics based on observable inputs from active markets. For financial liabilities where the fair value is disclosed, the fair value is estimated by discounting future contractual cash flows at the current market interest rate.

Cash flow statement

The cash flow statement shows the Group'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 cash and cash equivalents at the beginning and end of the year.

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 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 comprise cash flows from the raising and repayment of long term debt and principal element on lease payments as well as payments to and from shareholders.

Key Figures

The financial ratios have been calculated as follow;

Gross margin; Gross profit x 100 / Revenue

EBITDA ratio; EBITDA x 100 / Revenue

Normalized EBITDA ratio; EBITDA normalized x 100 / Revenue

Cash normalized EBTIDA ratio; Cash normalized EBITDA x 100 / Revenue

Return on assets; Profit before financials x 100 / Total assets

Solvency ratio; Equity at the year end x 100 / Total assets

Notes

2. Critical accounting estimates and judgements

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

Critical accounting estimates

Customer relations - useful lives

As part of the acquisition of AX IV CON IV ApS at 30 April 2019 and the axquisition of XevIT GmbH and Secoa AB in the year 2019/2020, the Group identified customer relations as a separate intangible asset. On 30 September 2020, the carrying amount of customer contracts amounts to DKK 844,729 thousand. The customer relations are amortised on a straight-line basis over their useful life. Management has estimated the useful lives of the customer relations to be between 10 - 15 years depending on the respective Group entity the customer relations are related to.

When estimating the useful lives management has considered among other the expected churn-rate of the customers. However, the actual useful life of the customer relations may be shorter or longer. The useful life of customer relations are reassessed annually.

Impairment test of goodwill and trademark

The Group annually tests whether goodwill and trademark has suffered any impairment, in accordance with the accounting policy stated in note 1.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The estimates and assumptions are based on historical experience and other factors, such as management but as by nature it is uncertain and unpredictable. Due to the risks and uncertainties which the group is subject to, actual outcomes may differ from the estimates made.

Goodwill and trademark amounts to DKK 2,617 million and no impairment losses has been recognised in 2019/2020. Information on the impairment tests, hereunder critical asumptions are disclosed and described in note 10.

Notes

Critical accounting judgements

Recognising revenue as a principal

The Group has concluded that it is the principal in satisfying the performance obligations in all of its contracts with customers. As a result, the Group recognises 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.

Notes

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
3. Revenue from contracts with customers		
The Group derives revenue from the following major product lines.		
Hardware, software and service	1,864,699	639,758
Own services and consultant service	428,006	150,868
	2,292,705	**790,626**
The Group derives revenue in the following major geographical regions.		
Denmark	872,636	292,083
Sweden	193,210	116,974
Norway	205,934	61,177
Netherlands	566,699	224,146
Slovenia	212,506	96,246
Germany	241,721	0
	2,292,705	**790,626**

Notes

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
4. Employee costs		
Wages and salaries	388,619	132,582
Defined contribution plans	36,067	14,306
Other social security costs	25,193	4,920
Other staff costs	3,617	2,607
	453,495	**154,413**
Average number of employees	689	526

Key Management Compensation

Key Management consists of Executive Board and Board of Directors. The compensation paid or payables to key management for employee services is shown below:

Executive Board:		
Wages and salaries	5,843	3,461
Pension plans	290	184
Other social security costs	7	8
Total	**6,140**	**3,653**
Board of Directors:		
Board compensation	850	1,100
Total	**850**	**1,100**
Total compensation of key management personnel	**6,990**	**4,753**

Notes

5. Share-based payment plans

The Group has introduced an incentive program for its management and key employees, under which the participants agrees to purchase shares in Capnor Connery HoldCo A/S, or its subsidiaries Capnor Connery MidCo A/S or Capnor Connery BidCo A/S. The shares aqcuired by the participants under the program comprise a combination of ordinary shares and preference shares. The preference shares have preference right to repayment of the amount invested plus dividends.

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

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

The shareholder agreement remains in force and effect for 14 years or until an exit event occurs.

The following table shows the shares acquired and outstanding at the beginning and end of the reporting period:

	Number of preference shares	Number of ordinary shares
As at 1 October 2019	6,346,481	5,955,246
Acquired during the year	2,073,276	2,289,564
As at 30 September 2020	**8,419,757**	**8,244,810**

Because the shares acquired by the participants is at market terms, no costs related to the incentive program has been recognized because no compensation has been afforded. Accordingly, the incentive program has no effect on the income statement or equity.

Notes

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
6. Depreciation and amortisation		
Depreciation on property, plant and equipment	10,688	3,967
Depreciation on right-of-use assets	28,086	8,634
Amortisation on intangible assets	106,423	40,738
	145,196	**53,340**
7. Financial income		
Foreign exchange rate gains	7,027	6,191
Other financial income	218	1,513
	7,245	**7,704**
8. Financial expenses		
Foreign exchange rate losses	9,881	4,988
Interest on financial liabilities	177,142	71,503
	187,023	**76,491**
9. Tax on profit for the year		
Current tax:		
Current tax on profits for the year	33,983	1,611
Current tax on profits for previous years	(1,500)	0
Deferred tax on profit for the year	(24,992)	(5,670)
Deferred tax on profit for previous years	(5,102)	0
	2,389	**(4,060)**
Calculated 22.0% tax on profit for the year before income tax	(22,017)	(25,528)
Tax effects of:		
Non-deductible expenses	2,897	11,402
Non-deductible interest	27,463	5,118
Tax related to previous years	(6,602)	0
Higher/lower tax rate in subsidiaries	1,512	4,396
Tax on other comprehensive income	(864)	552
	2,389	**(4,060)**
Effective tax rate	2%	-3%

Notes

10. Intangible assets

	Acquired rights	Customer contracts	Goodwill	Software	Trademarks
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost:					
At 1 October 2019	**23,070**	**871,372**	**2,390,554**	**116,205**	**34,129**
Additions through business combinations	0	76,565	155,174	0	0
Adjustment purchase price allocation previous year	0	0	36,677	0	0
Additions during the year	3,167	0	0	0	0
Disposals during the year		0	0	0	0
Exchange difference	(18)	53	664	0	0
At 30 September 2020	**26,219**	**947,990**	**2,583,070**	**116,205**	**34,129**
Accumulated amortisation and impairment:					
At 1 October 2019	**1,716**	**29,339**	**0**	**9,684**	**0**
Amortisation for the year	9,260	73,922	0	23,241	0
Exchange difference	(10)	0	0	0	0
At 30 September 2020	**10,966**	**103,261**	**0**	**32,925**	**0**
Carrying amount 30 September 2020	**15,254**	**844,729**	**2,583,070**	**83,280**	**34,129**

Customer contracts
Customer contracts were acquired through business combinations in 2019 and 2020. They are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line basis. As at 30 September 2020, the carrying amount of customer contracts was TDKK 844,676. The Group estimates the remaining useful life of the customer contracts to be 10 - 15 years.

Software
Software comprises of an asset management tool and was acquired through the business combination in 2019. They are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line basis. As at 30 September 2020, the carrying amount of software was TDKK 83,280. The Group estimates the remaining useful life of the software to be 5 years.

Trademark
Trademarks are relating to the Conscia trademark and has a carrying amount of TDKK 34,129 as of 30 September 2020. Trademarks are not amortised, as the useful life is indefinite. The carrying amount of trademarks is mainly related to the Conscia brand,which is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Factors that played a significant role in determining that the Conscia brand has an indefinite useful life are: i) the Group’s strategy is based on the Conscia brand and ii) acquired trademark are converted to or co-branded with the Conscia brand.

Adjustment of purchase price allocation (PPA) have been adjusted related to the purchase of AX IV CON ApS.

Notes

10. Intangible assets, continue

Impairment tests of goodwill and trademark

The Group tests whether goodwill and trademark has suffered any impairment on an annual basis. For 2020, no impairment loss has been recognised.

On 30 April 2019, the Group acquired 100% of the shares in AX IV CON ApS, thus obtaining control of the business activities. During 2019/ 2020 the Group have acquired 100 % of the shares in xevIT GmbH (Germany) and Secoa AB (Sweden) - see note 21 for furher details. Goodwill related to the two acquisition amounted to TDKK 155,174.

Goodwill and trademarks are monitored by Management at the level of the countries of operation of the Group (cash generating units). As of 30 September 2020, the carrying amount of goodwill and trademarks, respectively, allocated to each cash generating units is shown below:

	30 September 2020		30 September 2019	
	Trademarks	Goodwill	Trademarks	Goodwill
Cash-generating unit:	TDKK	TDKK	TDKK	TDKK
Denmark	34,129	917,068	34,129	895,798
Sweden	0	413,408	0	383,883
Norway	0	255,683	0	251,612
Netherland	0	643,514	0	640,468
Slovenia	0	218,793	0	218,793
Germany	0	134,604	0	
Total	**34,129**	**2,583,070**	**34,129**	**2,390,554**

Impairment test for goodwill

Goodwill has been tested on each identified cash-generating unit. The Conscia Group have six separate cash-generating unit, represented by the geographical areas where the Group operates - Denmark, Sweden, Norway, Netherland, Germany and Slovenia.

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of each cash generating unit is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the entity operates.

Key assumptions, long term growth rates and discount rates used in the value-in-use calculations are as follows:

10. Intangible assets, continue

Notes

Assumptions at 30 September 2020

	Average sales growth from 2021 to 2025 (%)	Average EBITDA Margin (%)	Marginal tax rate (%)	Long term growth rate (%)	Pre-tax discount rate (%)
Denmark	7.0	9.4	22.0	1.5	10.3
Sweden	22.0	9.5	21.0	1.5	10.5
Norway	19.0	6.5	22.0	1.5	10.3
Netherland	10.0	15.4	25.0	1.5	10.5
Slovenia	22.0	9.5	21.0	1.5	11.3
Germany	10.0	15.9	25.0	1.5	10.4

Assumptions at 30 September 2019

	Average ales growth from 2020 to 2024 (%)	Average EBITDA Margin (%)	Marginal tax rate (%)	Long term growth rate (%)	Pre-tax discount rate (%)
Denmark	7.5	13.2	22.0	1.5	10.6
Sweden	22.6	13.0	21.0	1.5	11.0
Norway	28.7	10.5	22.0	1.5	10.6
Netherland	9.5	16.8	25.0	1.5	11.3
Slovenia	6.2	13.2	25.0	1.5	12.9

Description of assumptions

Average sales growth is the average annual growth rate over the budget period, which is based on past performance and management's expectations of market development.

Projection of the revenue is based on existing and new sales and whether this supports the Group's operation. New customers both within each segment is based on historic growth combined with Conscia's current pipeline and the expectation of a general increase in existing markets as well as entries into new markets.

EBITDA margin is the average margin as a percentage of revenue over the budget period. It is based on the current sales margin levels and expectations to sales mix and the expectation that the budgeted increasing level of activity will have a positive spill-over effect on the Company's EBITDA margin.

Marginal tax rate is the expected rate over the five-year forecast period. It is based on each country current tax rate.

Sensitivity to changed assumptions

The calculated value in use of each cash-generating unit is considerably higher than the carrying amount, and the prepared impairment tests shows that goodwill and trademark are not impaired. In Management's opinion, no reasonable likely change to the above-mentioned assumptions will imply that the carrying amount of each cash-generating unit will exceed the value in use significantly.

Notes

11. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Assets under construction
Cost:		
At 1 October 2019	**30,028**	**0**
Additions through business combinations	2,048	0
Additions during the year	13,249	16,103
Disposals during the year	(2,447)	0
Exchange adjustment	(212)	(51)
At 30 September 2020	**42,667**	**16,053**
Accumulated depreciation and impairment:		
At 1 October 2019	**3,975**	**0**
Depreciation for the year	10,688	0
Impairment and disposals for the year	(2,339)	
Exchange adjustment	(136)	0
At 30 September 2020	**12,188**	**0**
Carrying amount 30 September 2020	**30,479**	**16,053**
Cost:		
At 1 January 2019	**0**	**0**
Additions through business combinations	30,264	0
Additions during the year	3,703	0
Disposals during the year	(3,951)	0
Exchange adjustment	11	0
At 30 September 2019	**30,028**	**0**
Accumulated depreciation and impairment:		
At 1 January 2019	**0**	**0**
Depreciation for the year	3,967	0
Impairment for the year		
Exchange adjustment	8	0
At 30 September 2019	**3,975**	**0**
Carrying amount 30 September 2019	**26,053**	**0**

Notes

	30 September 2020	30 September 2019
	TDKK	TDKK
12. Deferred tax		
Deferred tax at 1 January	(203,561)	0
Additions through business combinations	(23,418)	(207,699)
Deferred tax reccognised in the statement of profit or loss	30,094	5,670
Adjustment prior year	5,260	0
Exchange adjustment	2	(1,532)
Deferred tax at	**(191,623)**	**(203,561)**
Deferred tax relates to:		
Intangible assets	(223,017)	(221,757)
Property, plant and equipment	(1,875)	(1,957)
Right-of-use assets	(149)	(353)
Contract assets and liabilities	584	0
Borrowing costs	1,135	142
Tax on loss carry forward	1,313	1,458
Deferred income	30,387	18,906
	(191,622)	**(203,561)**
Of which presented as deferred tax assets	1,313	1,458
Of which presented as deferred tax liabilities	(192,935)	(205,019)
	(191,622)	**(203,561)**

The deferred tax assets include an amount of TDKK 1,313 which relates to carried-forward tax losses of Conscia Norge AS has incurred the losses over the last few years.

The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary generated taxable income from 2019/20 and expect to continue in 2020/2021 and onwards. The losses can be carried forward indefinitely and have no expiry date.

Notes

	30 September 2019	30 September 2019
	TDKK	TDKK
13. Leases		
The Group has recognised the following amounts relating to leases:		
Right-of-use assets		
Properties	74,873	84,782
Cars	27,655	18,386
	102,528	**103,168**
Lease liabilities		
Current	27,402	20,928
Non-current	75,805	81,686
	103,207	**102,614**

Additions to the right-of-use assets during the 2019/2020 financial year were TDKK 28,196 (2018/2019: TDKK 4,401).

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
Depreciation charge of right-of-use assets	TDKK	TDKK
Properties	13,342	5,141
Cars	14,743	3,493
	28,086	**8,634**
Interest expense (included in financial expenses)	3,470	1,659
Total cash outflow from leases	31,094	8,467

The group leases various properties and cars.
Most car leases have a lease term of 12 - 36 months. Most property leases are perpetual and may be cancelled by either the Group or the lessor at any point after the non-cancellable period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.
Right-of-use assets not recognised in the balance sheet under the two exemption rules, short-term and low-value leases, amounts to TDKK 102,528.

Notes

14. Inventories

	30 September 2020	30 September 2019
	TDKK	TDKK
Finished goods and goods for resale	97,957	89,216
Write-downs of inventories to net realisable value	(31,281)	(33,966)
Total inventories	**66,675**	**55,250**

15. Trade receivables

	30 September 2020	30 September 2019
	TDKK	TDKK
Trade receivable carring amount	384,967	314,757
Trade receivables net	**384,967**	**314,757**

Trade receivables are non-interst bearing and are generally due for settlement within 30 days and therefore are all classified as current.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract asset.

When determiniung the expected credit loss rates supportable information about past events as well as current and future economic conditions are considered. The historical credit losses experienced in previous years are insignificant. Further, the Group's customers in the public sector are based in countries not likely to default. Adjusting the historical loss rates to reflect current information and Management's expectations about forward-looking information affecting the customers' ability to settle the receivables, the Group has determined the expected credit loss as of 30 September 2020 to be insignificant.

The Group's gross carrying amount - trade receivablesare due as follows:

	30 September 2020	30 September 2019
	TDKK	TDKK
Current	357,007	275,521
More than 30 days past due	19,790	33,307
More than 60 days past due	5,231	3,267
More than 90 days past due	2,940	2,662
Total	**384,967**	**314,757**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, when no dividend is expected to be received from a debtors bankruptcy.

Further information about the Group's credit risk related to trade receivables are provided in note 19.

Notes

16. Contract balances

The Group has recognised the following assets and liabilities related to contracts with customers:

	30 September 2020	30 September 2019
	TDKK	TDKK
Contract assets		
Trade receivables	384,967	314,757
Contract assets	74,638	36,641
Contract liabilities		
Prepayments from customers	75,613	70,932
Deferred income	221,224	170,193

The increase in trade receivables, contract assets and contract liabilities is primarily related to the business combination in which xevIT GmbH and Secoa AB was acquired. With the acquision trade receivables increased by TDKK 75,121 and deferred income increased by TDKK 28,823. In addition to the acquired asset and liabilities are also impacted by the continue organic growth in 2019/2020 for the Group.

Of the total balance of prepayment from customers and deferred income as at 30 September 2020, TDKK 197,570 is expected to be recognised as revenue within less than 1 year, and TDKK 99,267 within 1-5 years.

17. Share capital

	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Number of shares	Number of shares	Nominal value TDKK	Nominal value TDKK
The share capital comprise:				
A shares (oridnary shares) - fully paid	37,600,000	32,700,000	376,000	32,700
B shares (preference shares) - fully paid	149,700,000	133,500,000	1,497,000	133,500
Share capital	**187,300,000**	**166,200,000**	**1,873,000**	**166,200**

All shares have nominal value of DKK 0.01 and carries one vote.

The shares are non-negotiable instruments. Any transfer of shares are subject to consent of the Board of Directors.

The B-shares carries a right of a preferred return of 10% per year. Holders of A-shares are only entitled to receive dividend when the preferred dividend on the B-shares have been fully paid.

	A-shares		B-shares	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Changes in share capital	TDKK	TDKK	TDKK	TDKK
Opening balance	327	50	1,335	0
Capital increase	49	277	162	1,335
	376	**327**	**1,497**	**1,335**

Notes

18. Borrowings

The borrowings comprise of acquisition related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

	Interest rate	Effective interest rate	Currency	Maturity	Carrying amount
30 September 2020					TDKK
Loan from credit institution	Variable	7.6 %	DKK, EUR, NOK, SEK	30 April 2026	1,740,911
Revolving Facility	Variable	3.2 %	DKK	30 April 2025	80,000
Other credit insitutions	Variable	2.8-3.7 %	DKK, USD, EUR, NOK, SEK	30 April 2025	141,520
Total borrowings					**1,962,431**

Loan from credit institution, Revolving Facility and other credit insitutions are loans without repayment until maturity.

	Interest rate	Effective interest rate	Currency	Maturity	Carrying amount
30 September 2019					
Loan from credit institution	Variable	7.6 %	DKK, EUR, NOK, SEK	30 April 2026	1,589,121
Revolving Facility	Variable	3.0 %	DKK	30 April 2025	80,000
Term Loan	Fixed	0.0%	DKK	30 June 2020	100,847
Total borrowings					**1,769,968**

Loan from credit institution, Revolving Facility and Term Loan are loans without repayment until maturity.

Notes

19. Financial risk management

Financial risk factors
The Group’s financial liabilities comprise borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s financial assets include trade and other receivables and cash and cash equivalents. The Group also enters into derivative transactions for the purpose of hedging its exposure to foreign currency risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Group is exposed to market risk (interest rate and foreign exchange rate), credit risk and liquidity risk. The Group's management oversees the management of these risks om an ongoing basis and responds to those risks as appropriate.

Market risk
Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

Due to the currently low market interest rate level, it is the Group's policy not to hedge its exposure to chages

Sensitivity:

Profit or loss and equity is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	Impact on post tax profit and equity	
	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
Interest rates - increase by 100 basis points	6,027	1,536
Interest rates - decrease by 100 basis points	0	0

The impact presented in the above sensitivity analysis is based on the financial assets and financial liabilites recognised as of 30 September 2020. The analysis does not consider the impact from repayments, proceeds etc. related to the borrowings. Management considers the sensitivy analysis to be based on reasonably possible based on the current market conditions.

Notes

19. Financial risk management (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expense is denominated in a foreign currency different from the respective entity's functional currency).

The Group's exposure to foreign currency is primarily related to USD, as the majority of the Group's purchases of goods and services for resale are denominated in USD.

Accordingly, it is the Group's policy to hedge its exposure to foreign currency risk arising from its purchases of goods and services for resale denominated in USD, see further below. Considering those hedges, the Group's exposure on USD purchases is considered insignificant.The Group is further exposed to foreign currency risks from receivables demoniated in EUR and USD. However, the Group's financial instruments denomonimed in EUR only creates a limited exposure to the Group due to the fixed DKK/EUR exchange rates. The, Group is further exposed minor foreign currency risks from financial instruments demoniated in SEK and NOK. Group Management does however find that exposure immaterial.

Sensitivy:

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates. With all other variables held constant, the Group's profit is affected as follows:

	Impact on post tax profit	
	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
DKK/USD exchange rate - increase 10%	19,043	4,910
DKK/USD exchange rate - decrease 10%	(19,043)	- 4,910

The impact presented in the above sensitivity analysis is based on the financial assets and financial liabilites recognised as of 30 September 2020. All hedging relationships are assumed to be 100% effective.

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

The Group’s primary credit exposure is related to trade receivables and cash positions. The Group has no major exposure relating to one single customer or business partner.

The Group has established procedures for handling the credit risk to limit the risks and loss on receivables. Historically, losses on receivables are at a very low level.

Derivatives

The Group uses foreign currency forward contracts to hedge its exposure to foreign currency risk arising from its purchases of goods and services for resale denominated in USD. The foreign currency forward contracts are designated as hedging instruments in cash flow hedges of forecast purchases in USD. These forecast transactions are highly probable.

Notes

19. Financial risk management (continued)

There is an economic relationship between the hedged items and the foreign currency forward contracts as the terms of the hedging instruments match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the foreign currency forwards are denominated in the same currency as the highly probable future purchases of goods and services.

The group has the following derivative financial instruments in the following line items in the balance sheet:

	30 September 2020	30 September 2019
	TDKK	TDKK
Current derivatives		
Carrying amount of foreign currency forwards and swaps - cash flow hedges.	(1,113)	2,888
Nominal amount		
DKK/USD	30,481	41,066
EUR/USD	47,812	60,655
NOK/USD	33,580	0

The hedged amount for foreign currency are below one year.
Average trasactions rates for USD to DKK are 6,3 DKK.

See below for the movements in the Group's hedging reserve:

	Total hedge reserve
Opening balance 1 October 2019	3,702
Change in fair value of hedging instrument recognised in OCI	(3,579)
Reclassified from OCI to profit or loss	(1,236)
Closing balance 30 September 2020	**(1,113)**

Liquidity risk

Liquidity risk Management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group’s liquidity reserve, comprising the undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows.This is generally carried out at local level in the operating companies of the group, in accordance with practice and limits set by the Group.

This is generally carried out at local level in the operating companies of the group, in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group’s liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Group have a undrawn facility at MDKK 130 (2019: MDKK 200).

Notes

19. Financial risk management (continued)

Maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
	TDKK	TDKK	TDKK	TDKK
As at 30 September 2020				
Non-derivatives				
Borrowings	141,622	784,252	1,807,518	2,733,392
Lease liabilities	27,402	42,325	33,480	103,207
Trade payables	197,914	0	0	197,914
Other payables	198,550	2,357	0	200,908
	565,488	**828,935**	**1,840,998**	**3,235,421**
Derivatives				
Forward currency contracts (liability)	(1,113)	0	0	(1,113)

	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
	TDKK	TDKK	TDKK	TDKK
As at 30 September 2019				
Non-derivatives				
Borrowings	225,133	497,141	1,872,881	2,595,155
Lease liabilities	21,451	45,013	36,150	102,614
Trade payables	157,169	0	0	157,169
Other payables	109,503	5,388	0	114,891
	513,256	**547,542**	**1,909,031**	**2,969,829**
Derivatives				
Forward currency contracts	2,888	0	0	2,888

Notes

19. Financial risk management (continued)

	30 September 2020	30 September 2019
Financial assets and liabilities per measurement category	TDKK	TDKK
Derivatives		
Financial assets and liability (-) at fair value		
Forward currency contrants	(1,113)	2,888
	2,888	**2,888**
Financial assets		
Financial assets at amortised cost:		
Trade receivables	384,967	314,757
Receivables from associates	0	2,127
Cash and cash equivalents	220,479	160,380
	605,446	**477,264**
Financial liabilities		
Liabilities at amortised cost:		
Borrowings (current and non-current)	1,962,431	1,786,578
Lease liabilities (current and non-current)	103,207	102,614
Payables to associates	100	2,815
Trade payables	197,914	156,842
	2,263,652	**2,048,849**

Notes

19. Financial risk management (continued)

Measurement and fair value hierarchy
The fair value of forward currency contracts (level 2) is determined using valuation techniques which maximise the use of observable market data. The present value of future cash flows are based on the forward exchange rates at the balance sheet date.

For currency hedging of the future purchase of goods in USD, the company has entered into forward exchange contracts of total TDKK 111,873. Compared to forward prices at the balancesheet date, the contracts have a fair value of TDKK -1,113. The capital loss is recongnized in the equity.

The fair value of borrowings amounts to TDKK 2,015,057 (level 3). The fair value is based on expected contractual payments discounted using current market interest rates.

For all other financial instruments, not measured at fair value, the fair value approximates their carrying amount.

20. Capital management

The Group´s objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital

During 2020/2021, the group´s strategy is to maintain an net debt / EBITDA below 7.

In 2019/2020 the Group was able to maintain their strategy to keep net debt / EBITDA below 7.

Loan covernants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covernant:

- The consolidated net debt divided by the EBITDA for the last twelve months, must not be higher than 11.

The group has complied with this covernant throughout the reporting period.

Notes

21. Business combinations

Acquisition of xevIT GmbH and Secoa AB

During 2019/ 2020 Capnor Connery Holdco A/S accqirred 100 % af the issued shares capiral of xevIT GmbH in Germany and Secoa AB in Sweden thougts its subsidaries. Both companies provide IT solutions, consultancy and services in the countries in which the group is represented. The acquisition is an important to bring Conscia closer to the position as one of Europe's leading security and IT infrastructure partner with focus on Cisco technology.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

The assets and liabilities recognised as a result of the acquisition are as follows:

Fair value	**xevIT GmbH**	**Secoa AB**	**Total**
	TDKK	TDKK	TDKK
Cash	23,551	2,258	25,809
Trade receivables	72,636	2,485	75,121
Plant and equipment	9,816	0	9,816
Prepayments	32,286	734	33,020
Other receivables	28,077	0	28,077
Intangible assets: Customer	66,770	9,550	76,320
Intangible assets: Software	1,252	0	1,252
Trade payables	(52,183)	(569)	(52,752)
Deferred tax liability	(21,374)	(2,044)	(23,418)
Deferred income	(28,823)	0	(28,823)
Income tax paybles	0	(467)	(467)
Other payables	(34,732)	(1,088)	(35,820)
Net identifiable assets acquired	**97,276**	**10,859**	**108,135**
Goodwill	134,604	20,570	155,174
Net assets acquired	**231,880**	**31,429**	**263,309**
Cash flow from acquisition:			
Consideration paid	231,880	31,429	263,309
Less cash received	(23,551)	(2,258)	(25,809)
	208,329	**29,171**	**237,500**

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

The fair value of acquired trade receivables is 75,121 TDKK which in all material aspect corresponds to the gross contractual amount on acquisition.

Notes

21. Business combinations (continued)

The two acquired business contributed revenues and net profit of:

Revenue for time of ownership
xevIT GmbH: 241,721 TDKK for the period 01.01.2020-30.09.2020
Secoa AB: 1,600 TDKK for the period 01.09.2020-30.09.2020

Net profit for time of ownership
xevIT GmbH: 7,93 TDKK for the period 01.01.2020 -30.09.2020
Secoa AB: 0,3 TDKK for the period 01.09.2020-30.09.2020

If the acquisition had occurred on 1 October 2019, consolidated pro-forma revenue and profit for the year ended 30 September 2020 would have been:

Revenue full year
xevIT GmbH: 365,630 TDKK for the period 01.10.2019-30.09.2020
Secoa AB: 28,705 TDKK for the period 01.10.2019-30.09.2020

Net profit full year
xevIT GmbH:16,975 TDKK for the period 01.10.2019-30.09.2020
Secoa AB: 2,964 TDKK for the period 01.10.2019-30.09.2020

Acquisition-related costs of 3,989 TDKK are included in other external expenses in the income statement.

The purchase price allocation for Secoa AB has not been completed.

22. Commitments and contingent liabilities

Contingent liabilities

Through joint taxation scheme with Danish group enterprises, the company is jointly and severally liable for taxes etc. payable in Denmark.

Charges and security

As security for borrowings and group companies' bank commitments, security in shares for the Group companies - Capnor Connery MidCo A/S, Capnor Connery BidCo A/S, AX IV Con ApS, Conscia A/S, Conscia Danmark A/S, Conscia Nederland B.V, Conscia Sverige AB, Conscia Norge AS, NIL Skupina d.o.o, xevIT GmbH and Secoa AB have been issued.

Furthermore Capnor Connery HoldCo A/S has provided share pledge agreement and guarantees for all of the subsidiaries' bank debt.

23. Fee to auditors appointed at the general meeting

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
Audit fee to PwC	1,324	1,043
Other assurance engagements	4,051	2,630
Tax advisory services	308	112
	5,683	**3,785**

Notes

24. Changes in liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented.

2019/2020	1 October 2019	Business combinations	Repayment	New loan/ leasing	30 September 2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Current and non-curren borrowings	**1,769,968**	0	(106,133)	298,596	**1,962,431**
Current and non-current lease liabilities	**102,614**	7,397	(29,206)	22,402	**103,207**
Total liabilities from financing activities	**1,889,746**	**7,397**	**(135,339)**	**320,998**	**2,082,802**

2019	1 January 2019	Business combinations	Repayment	New loan/ leasing	30 September 2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Current and non-curren borrowings	**0**	1,175,015	0	594,953	**1,769,968**
Current and non-current lease liabilities	**0**	104,660	(6,808)	4,762	**102,614**
Total liabilities from financing activities	**0**	**1,279,675**	**(6,808)**	**599,715**	**1,872,582**

Notes

25. Related parties

NC CONNERY, L.P, currently NC OISE CO-INVEST BETA, L.P.) acting by its general partner, NC CONNERY GP LIMITED holds more than 5% of the shares in Capnor Connery HoldCo A/S.

The Group's structure is set out in the Management's Review page 11

Information about Management's remuneration has been disclosed in note 4 and 5. The Group had the following transactions with related parties during the year:

Transactions with NC Connery GP Limited:

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
Capital increase	100,847	1,662,328
Consulting and service	117	0

26. Events after the balance sheet date

Acquisition of Credocom A/S
On 9 September 2020, Conscia signed an agreement to acquire 100% of the shares in Credocom A/S at a cash payment of DKK 47.5 million.

The agreement was approved by Credocom and Conscia shareholders and the payment of the acquisition was transferred on 30 October 2020, from which date Conscia achieved control and the acquisition was effective. As a consequence of submission and approval of the annual report for 2019/20 is close to the closing date of acquisition of Credocom, the preparation of the purchase price allocation in accordance with IFRS 3 is in progress, but not finalised. Therefore, opening balances, total consideration, acquired receivables, contingent liabilities, goodwill and profit and loss effects have not been disclosed within the context of these Financial Statements.

About Credocom
Credocom is a Danish security specialist within Cybersecurity, Networking and Datacenters. Credocom was founded in 2008 and today has 45 employees and a turnover of DKK 160 million.

Strategic synergies
Credocom will become part of the Conscia Group. The acquisition is an important step into the security area and brings Conscia closer to the position as one of Europe's leading security and IT infrastructure partner with focus on Cisco technology.

Notes

26. Events after the balance sheet date (continued)

Acquisition of Net IT Service ApS
On 17 September 2020, Conscia signed an agreement to acquire 100% of the shares in NetIT A/S at a cash payment of DKK 13.0 million.

The agreement was approved by Net IT and Conscia shareholders and the payment of the acquisition was transferred on 5 October 2020, from which date Conscia achieved control and the acquisition was effective. As a consequence of submission and approval of the annual report for 2019/20 is close to the closing date of acquisition of Net IT, the preparation of the purchase price allocation in accordance with IFRS 3 is in progress, but not finalised. Therefore, opening balances, total consideration, acquired receivables, contingent liabilities, goodwill and profit and loss effects have not been disclosed within the context of these Financial Statements.

About Net IT
Net IT is a Danish based IT consultancy focused on automation and security in a partnership with VMware. NetIT offers standard software, design, implementation and consulting. Net IT was founded in 2017 and today has 5 employees and a turnover of DKK 25 million.

Strategic synergies
Net IT will become part of the Conscia Group. The acquisition is an important step into the security and brings Conscia closer to the position as one of Europe's leading security and IT infrastructure partner with focus on Cisco technology.

Acquisition of Damecon Group B.V.
On 15 September 2020, Conscia signed an agreement to acquire 100% of the shares in Damecon Group B.V. at a cash payment of EUR 6.0 million.

The agreement was approved by Damecon and Conscia shareholders and the payment of the acquisition was transferred on 1 October 2020, from which date Conscia achieved control and the acquisition was effective. As a consequence of submission and approval of the annual report for 2019/20 is close to the closing date of acquisition of Damecon, the preparation of the purchase price allocation in accordance with IFRS 3 is in progress, but not finalised. Therefore, opening balances, total consideration, acquired receivables, contingent liabilities, goodwill and profit and loss effects have not been disclosed within the context of these Financial Statements.

About Damecon Group B.V.
Damecon is a NextGen managed cloud provider in the Netherlands. The company delivers Cloud Services to their customers. Damecon was founded in 2012 and today has 20 employees and a turnover of EUR 4.5 million.

Strategic synergies
Damecon will become part of the Conscia Group. The acquisition is an important step into the Cloud area and brings Conscia closer to the position as one of Europe's leading security and IT infrastructure partner with focus on Cisco technology.

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

Notes

27. Cash flow statement - adjustments

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
	TDKK	TDKK
Financial income	7,245	7,704
Financial expenses	(187,023)	(76,491)
Tax on profit/loss for the year	(2,389)	4,060
Exhange adjustments	(349)	0
Other adjustmenst	(3,579)	4,762
Depreciation and amortisation	145,196	53,340
	(48,144)	**(14,329)**

28. Changes in net working capital

	30 September 2020	30 September 2019
	TDKK	TDKK
Change in trade receivables	4,911	305,430
Change in contract assets	(37,997)	0
Change in prepayments	(18,905)	45,379
Change in inventories	(11,425)	69,582
Change in other receivables	21,822	60,949
Change in other payables	18,949	(85,465)
Change in prepayments	4,681	0
Change in trade payables	(11,680)	(272,859)
Change in deferred income	22,208	(20,658)
Change in derivatives	4,815	0
	(2,622)	**102,358**

Notes

29. List of group companies

The Group's principal subsidiaries at 30 September 2020 are set out below:

	Type	Place of incorporation	Ownership interest
Capnor Connery MidCo A/S	Subsidiary	Brøndby, Denmark	100%
Capnor Connery BidCo A/S	Subsidiary	Brøndby, Denmark	100%
AX IV CON ApS	Subsidiary	Brøndby, Denmark	100%
Conscia A/S	Subsidiary	Brøndby, Denmark	100%
Conscia Danmark A/S	Subsidiary	Brøndby, Denmark	100%
Conscia Sverige AB	Subsidiary	Stockholm, Sweden	100%
Secoa AB	Subsidiary	Uppsala, Sweden	100%
Conscia Norge AS	Subsidiary	Oslo, Norway	100%
Conscia Nederland B.V.	Subsidiary	Gouda, Nethersland	100%
NIL d.o.o.	Subsidiary	Ljubljana, Slovenia	100%
xevIT GmbH	Subsidiary	Ettlingen, Germany	100%

Statement of profit or loss (Parent Company)

	Note	1 October 2019 to 30 September 2020	1 January to 30 September 2019
		TDKK	TDKK
Other external expenses		(798)	(151)
Gross profit		**(798)**	**(151)**
Profit/loss before net financials		**(798)**	**(151)**
Financial income	3	6,911	0
Financial expenses	4	(298)	0
Profit/loss before tax		**5,815**	**(151)**
Income tax expenses	2	(1,279)	33
Profit/loss for the year		**4,536**	**(118)**

Balance sheet (Parent Company)

	Note	30 September 2020	30 September 2019
		TDKK	TDKK
Investments in subsidiaries	3	1,704,600	1,638,434
Total non-current assets		**1,704,600**	**1,638,434**
Receivables from group entities		171,873	0
Corporation tax receivable from group enterprises	2	12,808	4,991
Cash and cash equivalents		851	29,295
Total current assets		**185,532**	**34,286**
Total assets		**1,890,132**	**1,672,719**

Balance sheet (Parent Company)

	Note	30 September 2020	30 September 2020
		TDKK	TDKK
Share capital		1,873	1,662
Share premium		1,868,897	1,660,716
Retained earnings		4,418	(118)
Total equity		**1,875,188**	**1,662,261**
Corporation tax		14,054	4,958
Other payables		890	5,500
Total current liabilities		**14,944**	**10,458**
Total liabilities		**14,944**	**10,458**
Total equity and liabilities		**1,890,132**	**1,672,719**

Statement of equity (Parent Company)

	Share capital	Share premium	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October 2019	**1,662**	**1,660,716**	**(118)**	**1,662,260**
Capital increase	211	208,181	0	208,392
Profit for the year	0	0	4,536	4,536
Equity at 30 September 2020	**1,873**	**1,868,897**	**4,418**	**1,875,188**

Notes

1. Accounting policies
2. Tax on profit for the year
3. Investments in subsidiaries
4. Distribution of profit
5. Contingent assets, liabilities and other financial obligations

Notes

1. Accounting policies

The separate financial statements for the parent company ("the Parent") of the Group has been prepared in accordance with the Danish Financial Statements Act applying to enterprises of reporting class C (medium).

The accounting policies applied remain unchanged from last year.

The Parent Company Financial Statements for 2019/2020 are presented in Danish kroner (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 and the Group have 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.

Other external expenses

Other external expenses comprise costs for distribution, administration, etc.

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.

Investments in subsidiaries

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

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

	1 October 2019 to 30 September 2020	1 January to 30 September 2019
2. Tax on profit for the year	TDKK	TDKK
Current tax:		
Deferred tax on profit for the year	1,279	33
	1,279	**33**

	30 September 2020	30 September 2019
3. Investments in subsidiaries	TDKK	TDKK
Cost at	1,638,434	0
Additions for the year	66,166	1,638,434
Disposals for the year	0	0
Cost at	**1,704,600**	**1,638,434**
Carrying amount at	**1,704,600**	**1,638,434**

	30 September 2020	30 September 2019
4. Distribution of profit		
Retained earnings	**4,536**	**(118)**

5. Contingent assets, liabilities and other financial obligations

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group.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.