



Michael Holm Holding ApS

Lindevangsvej 17
8240 Risskov
CVR No. 39391996

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the
annual report on 17.02.2022

Michael Holm

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020/21	13
Consolidated balance sheet at 30.09.2021	14
Consolidated statement of changes in equity for 2020/21	16
Consolidated cash flow statement for 2020/21	17
Notes to consolidated financial statements	18
Parent income statement for 2020/21	24
Parent balance sheet at 30.09.2021	25
Parent statement of changes in equity for 2020/21	27
Notes to parent financial statements	28
Accounting policies	30

Entity details

Entity

Michael Holm Holding ApS

Lindevangsvej 17

8240 Risskov

Business Registration No.: 39391996

Registered office: Aarhus

Financial year: 01.10.2020 - 30.09.2021

Statutory reports on the Entity's website

Statutory report on corporate social responsibility: <https://da.systematic.com/corporate-social-responsibility/>

Executive Board

Michael Holm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Michael Holm Holding ApS for the financial year 01.10.2020 - 30.09.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2020 - 30.09.2021.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Risskov, 17.02.2022

Executive Board

Michael Holm

Independent auditor's report

To the shareholders of Michael Holm Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Michael Holm Holding ApS for the financial year 01.10.2020 - 30.09.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.09.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2020 - 30.09.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 17.02.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach

State Authorised Public Accountant
Identification No (MNE) mne19691

Søren Lassen

State Authorised Public Accountant
Identification No (MNE) mne18520

Management commentary

Financial highlights

	2020/21	2019/20	2018/19	2017/18
	DKK'000	DKK'000	DKK'000	DKK'000
Key figures				
Revenue	1,287,348	1,103,677	1,013,779	964,919
Gross profit/loss	910,520	774,244	694,733	652,922
Operating profit/loss	242,030	144,864	90,411	127,017
Net financials	14,977	3,725	3,420	2,914
Profit/loss for the year	197,905	117,898	69,634	99,089
Balance sheet total	1,317,757	1,054,660	923,444	813,491
Equity	798,648	616,751	543,675	484,352
Cash and cash equivalents	564,740	370,915	313,680	229,907
Average number of employees	883	920	926	805
Ratios				
Gross margin (%)	70.73	70.15	68.53	67.67
Net margin (%)	15.37	10.68	6.87	10.27
Return on equity (%)	27.96	20.32	13.55	23.07
EBIT margin (%)	18.80	13.13	8.92	13.16

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

EBIT margin (%):

$\frac{\text{Operating profit/loss for the year (EBIT)}}{\text{Revenue}} * 100$

Revenue

Primary activities

The primary activity for Michael Holm Holding ApS is to hold shares in Michael Holm Holding II ApS, which through Systematic Holding ApS owns shares in Systematic A/S. Therefore, we have repeated the management commentary of Systematic A/S below.

Systematic at a glance

Systematic's mission is to "Simplifying critical decision making". In essence it is to deliver IT solutions that make it simpler for users to make crucial decisions in demanding situations.

Since we were founded in 1985, we have developed into an international IT company first and foremost based on organic growth that focuses on six core business areas: Healthcare, Defence, Intelligence & National Security, Library & Learning, Renewables & Utilities and Digitalisation of the public sector. A common denominator of all these sectors is a need to integrate, compare and analyse large volumes of complex data, and to generate an overview that allows decision-making based on a solid data driven foundation, often in critical situations. That is why "Simplicity" is a keyword for Systematic. The solutions must be quick, simple and efficient to use while at the same time hiding the inherent complexity for the users.

Systematic supplies user-friendly solutions that have been thoroughly tested, trialed in real life, and are available for immediate delivery and deployment. Rather than spending time, resources and precious funds on one-off, bespoke development projects, customers in the Defence, Healthcare, Library & Learning and Renewables sectors, can acquire our off-the-shelf products that will cover the vast majority of their requirements.

Each day, thousands of people depend on Systematic's products and solutions for support in making critical decisions. Our products and solutions give decision makers an overview of the information they need to aid them in making the correct decision each and every time. We have more than one million users across more than 50 countries.

Systematic is privately owned with Headquarters in Aarhus, Denmark. We have offices in Australia, Canada, Finland, Germany, Romania, Sweden, New Zealand, the United Arab Emirates, the UK and the USA and we have partners in 15 countries.

Our Business areas

Defence is part of our genuine DNA of Systematic as this is what kickstarted the company and the business area that has fostered the majority of our growth and internationalisation during the past many years. Command and Control is our primary target market, addressed via our product suite offerings of primarily SitaWare (command and control) and IRIS (defence interoperability) for all military and related services.

In **Healthcare** we provide IT solutions for the health, care and social sector. This is primarily represented through our COLUMNA product portfolio with Clinical Information Systems (CIS) platform securing a fully integrated EHR service (Electronic Health Record), our FLOW platform for service and clinical logistics for hospitals and our CURA platform assisting social care professionals in their work with citizens outside of hospitals.

In **Library and Learning** our suite of integrated and innovative library and learning IT solutions digitalize libraries and educational institutions to the next level. This is primarily represented through our product portfolio of Cicero and MoMo. Cicero secures creative digital solutions for libraries of all kinds and our MoMo platform is the solution tailored to the day-to-day working lives of both teachers and students providing effective insights and overviews in the various teaching situations.

In **Renewables & Utilities** we support the offshore wind turbine industry and projects optimizing the use of water with innovative and effective IT solutions. Our SITE product establishes the foundation for an effective marine coordination of activities and resources in the offshore wind turbine industry and we are taking part in several initiatives to ensure availability and sustainable management of clean water and sanitation for everyone. We see this as an important contribution for sustainable development through boosting the level of digitalization.

Within **Intelligence & National Security** we support police forces and intelligence services with solutions and services for emergency response setups and surveillance systems. Supported by classified knowledge management solutions and complex mission critical solutions integrating mobility and situational awareness.

Finally, in **Digitalisation** we add value to public and private enterprises through a variety of complex and business critical IT projects combining a high degree of user-friendliness with significant efficiency improvements.

Our Brand Promise

Systematic's brand promise is the backbone of how we deliver our services and outlines four core concepts that we strive to be known for in the market: Simplicity, Trust, Performance and Forward Thinking.

Simplicity – Critical decisions are hard to make – sometimes it is a question of life or death. Systematic's solutions are simple and give a clear overview of available information. Our solutions make life easier for people who make critical decisions every day.

Trust – Systematic's solutions are designed to help decision makers when they make important decisions. They are typically used in different and hazardous conditions and users must be able to trust that our solutions work flawlessly – every time.

Performance – Systematic's customers, partners and employees expect superior performance and results. We strive to do everything a little better. Our customers expect quality and delivery on time, within budget.

Forward-thinking – As we desire to stay in the lead, there is only one way – forward. To move forward, we must think forward and always be one step ahead. We challenge the current work processes and technologies; we think quickly to stay ahead.

Customer focus and Business Case certainty

Since we in Systematic in 2005 achieved our first CMMI© level 5 accreditation for software development processes, we have maintained the highest possible accreditation through a series of appraisals conducted every 3rd year. In 2021 Systematic has gone through the appraisal process and passed the accreditation once again. It is not the actual certification and associated brand image that drives and motivates Systematic to continually invest in aim for the highest maturity level in software development. The driving motivator are the benefits in the higher quality of our solutions, the stability and the assurance that Systematic deliver on time – factors that are extremely important to our customers working in stressed environments with highly mission critical tasks.

The CMMI© accreditation at level 5 is not matched by any other Scandinavian company and in Europe less than 20 IT companies hold it in.

Development in activities and finances

Our financial year 2020/21 has been a year with continued growth in revenue despite the difficult market conditions following the global Covid19 pandemic. We have posted a revenue of EUR 173m in 2020/21 which is a 17% growth compared to previous year and a continuation of the last years organic revenue growth. The revenue growth in 2020/21 is first and foremost driven by strong growth in the business areas: Defence and Digitalisation.

A few business highlights to mention for FY21 are within Defence the contracts for supplying our SitaWare product to the German and Australian armed forces. For Healthcare it's the development of Columna Flow Pandemic Control in close collaboration with the Danish health authorities and the implementation and expansion of Columna CIS in Region South Denmark. Lastly a highlight to mention is the contract secured within Renewables & Utilities for supplying our Marine Coordination product SITE to the second largest offshore energy company.

In line with previous years, we have in 2020/21 continued investing in our product portfolios to sustain and improve the competitive edge of our products. In 2020/21 we have also invested in internal business applications and IT infrastructure. We realise an EBIT of 32.7 mEUR in 2020/21, equal to an EBIT-margin of 18.9 % compared to 13.2 % last year.

For Systematic it is a focus area to remain financially healthy, strong and independent. We continue to be debt-free in the company and our equity and cash position remain solid with a strong cash balance by year-end of EUR 75m, which is a 36% increase compared to last year.

Profit/loss for the year in relation to expected developments

In 2020/21 we have despite challenging market conditions reached an Order Intake of EUR 172m, compared to EUR 165m last year, underlining the continued organic growth which primarily is driven by international growth.

Overall, Management finds the group's performance for the financial year 2020/21 satisfactory. Our financial performance is exceeding the outlook for 2020/21 due to limited market impact of Covid-19.

Outlook

We enter the financial year 2021/22 with a strong order-book and plans for a continued expansion of our international footprint.

We experience a positive international interest across our product portfolio but also meet an increased competition in most of our business areas. The global Covid19 pandemic continues to reduce our visibility in business development.

Based on the above, we expect the financial results of 2021/22 to end at a similar level to reported year.

Knowledge resources

As a professional software and systems integrator, Systematic is a people business. We depend on having highly skilled and knowledgeable employees, of whom 71% hold an academic degree in IT, software engineering, finance or other relevant fields. In 2020/21, we employed 223 new employees, excluding students and interns, bringing the total number of employees to 1.009 as at 30 September 2021.

Our Values & People Vision It is our dedicated people who makes the difference, and the foundation for our ability to deliver high quality projects, products and services. We therefore invest considerably in recruiting, onboarding, training and talent development.

Employees at Systematic have ample opportunity to develop their professional and personal skills, both through formal training, internal knowledge networks and taking on new tasks and areas of responsibility. We work actively with leadership talents, identifying and doing structured leadership assessments and development to secure a strong internal leadership pipeline.

We focus on, and welcome equal opportunity for all employees, and have as many female leaders as we have female employees in the company (approx. 30%). We continuously work on strengthening and developing our culture through our employee onboarding, team development efforts, leadership development and through day-to-day leadership.

Statutory report on corporate social responsibility

Our approach to CSR is firmly embedded in our corporate culture and core values. We respect the individual uniqueness of our employees and offer equal opportunity for all job openings and for learning and professional and personal development.

For a further description of our business model, please see the above section 'A sustainable business model'.

In conducting our business, we aim to maintain high ethical standards, we strive to execute our activities with integrity and accountability, and we comply with applicable legislation wherever we operate.

In the beginning of 2022, Systematic will start a new, strategic process to map focus areas we want to work with in regards to the impact our company has on society. Considering our growth and success, we feel obliged to take further steps towards securing a better world for all.

Systematic's annual CSR report including the company's position regarding CSR is described in detail on our website at <https://systematic.com/en-gb/our-company/who-we-are/csr/>. Our CSR-report is part of the mandatory statement of corporate social responsibility 2020/2021 according to paragraph 99a of the Danish accounting act.

Focus on Export

In autumn, Danish TV2 and DanWatch published some critical stories regarding Systematics sale of defense software out of Systematics English subsidiary and its business in UAE. During a ministerial consultation in the parliament 15 December 2021 Systematic learned that the Danish Weapon Export Authorities had reported the case to Østjyllands Police. We are very surprised by the case, as we believe we have complied with all existing rules, both in Denmark and United Kingdom, and been open and transparent to the authorities on all matters.

Statutory report on the underrepresented gender

Our business – the software development industry – is in general a male-dominated field. Nevertheless, Systematic has always focused on appointing ‘the best qualified’ people to all positions, including management positions on all levels regardless of gender.

The board comprises of seven members: five men and two women. The objective for balanced representation is having a minimum of 25% female members of the board of directors. Today, we have 28,5 %.

Our Group Management comprises of eight vice presidents, of which two are women. 29% of all people managers in Systematic are female. 31% of all employees in Systematic are female.

At all operational levels of management, we aim to enhance diversity. Our values and culture are embedded in the company’s focus on having a healthy work life balance, flat hierarchy, and transparency.

Our policy regarding the ‘under-represented gender’ states that our objective is that the relative percentage of females in management positions accounts for a minimum of half a percentage point of all the women employed at Systematic. We meet this objective. Currently, 31% of employees are women, and 16% of them are managers.

We find this development satisfactory, especially in light of the gender distribution among IT professionals in Denmark with a gender distribution of 29% women according to Digital Hub Denmark. However, it is our ambition to continue to increase the proportion of women in management positions.

In 2021, we signed a Pledge for Gender Diversity, where we commit ourselves to contribute to the common efforts of the IT industry and work towards jointly reaching a 40/60 gender ratio by 2030.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue	1	1,287,348,302	1,103,677,104
Cost of sales		(213,517,140)	(186,775,842)
Other external expenses	2	(163,310,991)	(142,657,043)
Gross profit/loss		910,520,171	774,244,219
Staff costs	3	(612,632,437)	(605,224,536)
Depreciation, amortisation and impairment losses	4	(55,858,146)	(24,155,509)
Operating profit/loss		242,029,588	144,864,174
Other financial income		21,954,627	4,054,939
Other financial expenses		(6,977,475)	(329,838)
Profit/loss before tax		257,006,740	148,589,275
Tax on profit/loss for the year	5	(59,101,369)	(30,691,478)
Profit/loss for the year	6	197,905,371	117,897,797

Consolidated balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Completed development projects	8	148,093,630	176,760,630
Acquired intangible assets		0	0
Goodwill		91,462	491,462
Intangible assets	7	148,185,092	177,252,092
Other fixtures and fittings, tools and equipment		11,420,985	11,291,049
Leasehold improvements		46,904,860	10,565,359
Property, plant and equipment	9	58,325,845	21,856,408
Investments in participating interests		2,968,905	0
Other investments		1,825,504	4,776,008
Other receivables		10,463,546	12,817,170
Financial assets	10	15,257,955	17,593,178
Fixed assets		221,768,892	216,701,678
Trade receivables		241,480,687	155,563,173
Contract work in progress	11	50,796,015	120,845,371
Other receivables		9,996,716	18,226,390
Tax receivable		10,893,643	1,714,222
Prepayments	12	10,022,189	18,870,771
Receivables		323,189,250	315,219,927
Other investments		208,058,560	151,823,562
Investments		208,058,560	151,823,562
Cash		564,740,220	370,914,510
Current assets		1,095,988,030	837,957,999
Assets		1,317,756,922	1,054,659,677

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		1,000,000	1,000,000
Reserve for fair value adjustments of hedging instruments		(26,160)	0
Retained earnings		121,648,591	99,104,324
Proposed dividend for the financial year		114,400	113,000
Equity belonging to Parent's shareholders		122,736,831	100,217,324
Equity belonging to minority interests		675,910,711	516,534,051
Equity		798,647,542	616,751,375
Deferred tax	13	1,554,665	25,309,321
Provisions		1,554,665	25,309,321
Tax payable		69,644,761	16,964,975
Other payables	14	0	44,108,973
Non-current liabilities other than provisions	15	69,644,761	61,073,948
Bank loans		385,666	0
Contract work in progress	11	48,194,315	38,151,723
Trade payables		59,607,689	46,609,658
Payables to owners and management		3,271,129	8,872,730
Tax payable		2,795,547	7,045,087
Other payables	16	174,605,889	150,017,868
Deferred income	17	159,049,719	100,827,967
Current liabilities other than provisions		447,909,954	351,525,033
Liabilities other than provisions		517,554,715	412,598,981
Equity and liabilities		1,317,756,922	1,054,659,677
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Equity belonging to Parent's shareholders DKK
Equity beginning of year	1,000,000	0	99,104,324	113,000	100,217,324
Ordinary dividend paid	0	0	0	(113,000)	(113,000)
Exchange rate adjustments	0	0	832,463	0	832,463
Fair value adjustments of hedging instruments	0	(26,160)	0	0	(26,160)
Profit/loss for the year	0	0	21,711,804	114,400	21,826,204
Equity end of year	1,000,000	(26,160)	121,648,591	114,400	122,736,831

	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	516,534,051	616,751,375
Ordinary dividend paid	(20,613,000)	(20,726,000)
Exchange rate adjustments	3,910,493	4,742,956
Fair value adjustments of hedging instruments	0	(26,160)
Profit/loss for the year	176,079,167	197,905,371
Equity end of year	675,910,711	798,647,542

Consolidated cash flow statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Operating profit/loss		242,029,588	144,864,174
Amortisation, depreciation and impairment losses		55,858,146	24,155,509
Working capital changes	18	55,621,738	41,181,839
Cash flow from ordinary operating activities		353,509,472	210,201,522
Financial income received		21,954,627	4,054,939
Financial expenses paid		(6,977,475)	(329,838)
Taxes refunded/(paid)		(34,406,313)	(26,450,092)
Cash flows from operating activities		334,080,311	187,476,531
Acquisition of intangible and fixed assets		(63,736,848)	(26,792,486)
Sale of fixed and financial assets		2,811,484	3,602,509
Cash flows from investing activities		(60,925,364)	(23,189,977)
Free cash flows generated from operations and investments before financing		273,154,947	164,286,554
Dividend paid		(20,613,000)	(12,000,000)
Acquisition of treasury shares		0	(16,277,270)
Cash flows from financing activities		(20,613,000)	(28,277,270)
Increase/decrease in cash and cash equivalents		252,541,947	136,009,284
Cash and cash equivalents beginning of year		522,738,072	391,463,648
Currency translation adjustments of cash and cash equivalents		(2,866,905)	(4,734,860)
Cash and cash equivalents end of year		772,413,114	522,738,072
Cash and cash equivalents at year-end are composed of:			
Cash		564,740,220	370,914,510
Securities		208,058,560	151,823,562
Short-term bank loans		(385,666)	0
Cash and cash equivalents end of year		772,413,114	522,738,072

Notes to consolidated financial statements

1 Revenue

The Group's segments are business segments and geographical markets.

The Group's primary business segment in general consist of delivery of reliable and straightforward IT solutions and products. Secondary business segments are immaterial. Management wishes with regard to the Danish Financial Statements Act § 96 not to give additional information about the business and geographical breakdown of revenue ad a detailed breakdown of Group sales will be significantly harm the competitive situation.

The Group has no discontinued operations.

2 Fees to the auditor appointed by the Annual General Meeting

	2020/21 DKK	2019/20 DKK
Statutory audit services	644,849	604,898
Other assurance engagements	169,842	152,694
Tax services	595,734	491,000
Other services	4,792,541	1,317,812
	6,202,966	2,566,404

3 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	573,323,049	572,624,238
Pension costs	27,090,136	26,778,620
Other social security costs	23,205,890	16,808,315
	623,619,075	616,211,173
Staff costs classified as assets	(10,986,638)	(10,986,637)
	612,632,437	605,224,536
Average number of full-time employees	883	920

4 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Amortisation of intangible assets	41,499,590	13,118,052
Depreciation on property, plant and equipment	13,542,087	11,218,169
Profit/loss from sale of intangible assets and property, plant and equipment	816,469	(180,712)
	55,858,146	24,155,509

5 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	82,856,025	22,802,570
Change in deferred tax	(23,754,656)	7,888,908
	59,101,369	30,691,478

6 Proposed distribution of profit/loss

	2020/21 DKK	2019/20 DKK
Ordinary dividend for the financial year	114,400	113,000
Retained earnings	21,711,804	16,064,764
Minority interests' share of profit/loss	176,079,167	101,720,033
	197,905,371	117,897,797

7 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	278,666,004	16,184,050	1,994,729
Additions	12,432,590	0	0
Cost end of year	291,098,594	16,184,050	1,994,729
Amortisation and impairment losses beginning of year	(101,905,374)	(16,184,050)	(1,503,267)
Amortisation for the year	(41,099,590)	0	(400,000)
Amortisation and impairment losses end of year	(143,004,964)	(16,184,050)	(1,903,267)
Carrying amount end of year	148,093,630	0	91,462

8 Development projects

Completed development projects relates to software for the Defense and Healthcare segments. Revenue and earnings on the products marketed and sold worldwide have since the launch exceeded expectations in budgets and forecasts, and thus there are no identified indicators of impairment.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	53,709,601	25,113,304
Additions	8,120,290	43,183,968
Disposals	(322,388)	(1,154,670)
Cost end of year	61,507,503	67,142,602
Depreciation and impairment losses beginning of year	(42,418,552)	(14,547,945)
Depreciation for the year	(7,852,290)	(5,689,797)
Reversal regarding disposals	184,324	0
Depreciation and impairment losses end of year	(50,086,518)	(20,237,742)
Carrying amount end of year	11,420,985	46,904,860

10 Financial assets

	Investments in participating interests DKK	Other investments DKK
Cost beginning of year	0	4,776,008
Transfers	2,970,504	(2,970,504)
Additions	0	20,000
Disposals	(1,599)	0
Cost end of year	2,968,905	1,825,504
Carrying amount end of year	2,968,905	1,825,504

Investments in participating interests	Registered in	Ownership %	Equity DKK	Profit/loss DKK
Conscencia A/S	Aalborg	25.00	495,970	145,992
AGF E-sport ApS	Aarhus	38.00	65,525	(2,735)

11 Contract work in progress

	2020/21	2019/20
	DKK	DKK
Contract work in progress	93,330,381	471,413,263
Progress billings	(90,728,681)	(388,719,615)
Transferred to liabilities other than provisions	48,194,315	38,151,723
	50,796,015	120,845,371

12 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

13 Deferred tax

	2020/21	2019/20
	DKK	DKK
Intangible assets	7,145,667	13,495,341
Property, plant and equipment	(305,999)	(1,271,602)
Receivables	(2,139,003)	15,285,582
Liabilities other than provisions	(3,146,000)	(2,200,000)
Deferred tax	1,554,665	25,309,321

	2020/21	2019/20
	DKK	DKK
Changes during the year		
Beginning of year	25,309,321	17,420,413
Recognised in the income statement	(23,754,656)	7,888,908
End of year	1,554,665	25,309,321

14 Other payables

	2020/21	2019/20
	DKK	DKK
Holiday pay obligation	0	44,108,973
	0	44,108,973

15 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK
Tax payable	69,644,761
	69,644,761

16 Other payables

	2020/21	2019/20
	DKK	DKK
VAT and duties	13,706,333	15,097,417
Wages and salaries, personal income taxes, social security costs, etc. payable	71,524,666	79,649,338
Holiday pay obligation	33,995,711	22,385,489
Other costs payable	55,379,179	32,885,624
	174,605,889	150,017,868

17 Deferred income

Prepayments and accrued income related to service contracts.

18 Changes in working capital

	2020/21	2019/20
	DKK	DKK
Increase/decrease in receivables	1,210,098	428,053
Increase/decrease in trade payables etc.	54,411,640	40,753,786
	55,621,738	41,181,839

19 Unrecognised rental and lease commitments

	2020/21	2019/20
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	86,893,661	104,614,404

20 Contingent liabilities

	2020/21	2019/20
	DKK	DKK
Recourse and non-recourse guarantee commitments	33,810,709	5,704,273
Contingent liabilities	33,810,709	5,704,273

The company is part of a Danish joint taxation with Michael Holm Holding ApS as the tax principal. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is liable for income taxes etc. for the jointly taxed enterprises. The total net tax liability is incorporated in the accounts for Michael Holm Holding ApS

21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

22 Subsidiaries

	Registered in	Corporate form	Ownership %
Systematic Software Engineering Ltd.	Surrey, GB	Ltd.	100,0
- Systematic Software Engineering Australia Pty. Ltd.	Barton, AU	Pty. Ltd.	100,0
Systematic Inc.	Virginia, US	Inc.	100,0
Systematic OY Finland	Tampere, FI	OY	100,0
Systematic Sweden AB	Stockholm, SE	AB	100,0
Systematic GmbH	Cologne, DE	GmbH	100,0
Systematic Canada Inc.	Ottawa, CA	Inc.	100,0
Systematic New Zealand Ltd.	Wellington, NZ	Ltd.	100,0
Systematic Development Center SRL	Bukarest, RO	SRL	100,0
Dantek GmbH	Cologne, DE	GmbH	100,0
Michael Holm Holding II ApS	Aarhus, DK	ApS	28,5
Systematic Holding ApS	Aarhus, DK	ApS	50,0
Systematic A/S	Aarhus, DK	A/S	60,0

Parent income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Other external expenses		(25,250)	(31,250)
Gross profit/loss		(25,250)	(31,250)
Income from investments in group enterprises		20,220,068	12,747,757
Other financial income	1	220,285	357,684
Other financial expenses		(119,971)	(176,710)
Profit/loss before tax		20,295,132	12,897,481
Tax on profit/loss for the year	2	(16,793)	(32,939)
Profit/loss for the year	3	20,278,339	12,864,542

Parent balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Investments in group enterprises		123,452,994	107,281,885
Financial assets	4	123,452,994	107,281,885
Fixed assets		123,452,994	107,281,885
Receivables from group enterprises		11,696,836	11,650,901
Tax receivable		9,868,161	812,956
Joint taxation contribution receivable		59,776,606	16,233,406
Receivables		81,341,603	28,697,263
Cash		440,189	0
Current assets		81,781,792	28,697,263
Assets		205,234,786	135,979,148

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		1,000,000	1,000,000
Reserve for net revaluation according to equity method		28,262,994	16,016,387
Retained earnings		101,184,239	92,911,866
Proposed dividend for the financial year		114,400	113,000
Equity		130,561,633	110,041,253
Tax payable		69,644,767	16,731,839
Non-current liabilities other than provisions	5	69,644,767	16,731,839
Trade payables		26,579	25,000
Payables to group enterprises		1,680,946	275,387
Payables to owners and management		3,271,129	8,872,730
Tax payable		49,732	32,939
Current liabilities other than provisions		5,028,386	9,206,056
Liabilities other than provisions		74,673,153	25,937,895
Equity and liabilities		205,234,786	135,979,148
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2020/21

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	1,000,000	16,016,387	92,911,866	113,000	110,041,253
Ordinary dividend paid	0	0	0	(113,000)	(113,000)
Exchange rate adjustments	0	355,041	0	0	355,041
Transfer to reserves	0	(8,328,502)	8,328,502	0	0
Profit/loss for the year	0	20,220,068	(56,129)	114,400	20,278,339
Equity end of year	1,000,000	28,262,994	101,184,239	114,400	130,561,633

Notes to parent financial statements

1 Other financial income

	2020/21	2019/20
	DKK	DKK
Financial income from group enterprises	220,285	357,684
	220,285	357,684

2 Tax on profit/loss for the year

	2020/21	2019/20
	DKK	DKK
Current tax	16,793	32,939
	16,793	32,939

3 Proposed distribution of profit and loss

	2020/21	2019/20
	DKK	DKK
Ordinary dividend for the financial year	114,400	113,000
Retained earnings	20,163,939	12,751,542
	20,278,339	12,864,542

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	95,190,000
Cost end of year	95,190,000
Revaluations beginning of year	12,091,885
Exchange rate adjustments	355,041
Amortisation of goodwill	(1,133,214)
Share of profit/loss for the year	21,353,282
Dividend	(4,404,000)
Revaluations end of year	28,262,994
Carrying amount end of year	123,452,994

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK	Outstanding after 5 years 2020/21 DKK
Tax payable	69,644,767	0
Other payables	0	5,923,689
	69,644,767	5,923,689

6 Contingent liabilities

The company is part of a Danish joint taxation with Michael Holm Holding ApS as the tax principal. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is liable for income taxes etc. for the jointly taxed enterprises. The total tax liability is incorporated in the accounts for Michael Holm Holding ApS.

7 Related parties with controlling interest

Michael Holm, Lindevangsvej 17, 8240 Risskov possess majority of votes at the general meeting, and has therefore controlling interest.

8 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year, though with few reclassifications.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

For the foreign subsidiaries, the items in the income statement have been included at the exchange rate on the transaction date. The balance sheet is converted at the rate of exchange at year end. The exchange rate adjustments arising from the translation of the subsidiaries' equity at the beginning of the financial year to the exchange rate at the end of the financial year, and the exchange rate difference arising from the Translation of the income statement from the exchange rate ruling on the transaction date to the exchange rate at end of the financial year, are dealt with in the equity for the Group.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

These items comprise interest income realised and unrealised capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme.

Other financial expenses

These items comprise interest expenses, the interest portion of finance lease payments, realised and unre-alised capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises with Michael Holm Holding ApS as the tax principal. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation period used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5-20 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill with the addition of the calculated fair value of the advance dividend right.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in participating interests

Investments in participating interests are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments (current assets)

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.