



Michael Holm Holding ApS

Lindevangsvej 17
8240 Risskov
CVR No. 39391996

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the
annual report on 04.02.2021

Michael Holm

Chairman of the General Meeting

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Entity details

Entity

Michael Holm Holding ApS

Lindevangsvej 17

8240 Risskov

Business Registration No.: 39391996

Registered office: Risskov

Financial year: 01.10.2019 - 30.09.2020

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 Board of Directors and the Executive Board have today considered and approved the annual report of Michael Holm Holding ApS for the financial year 01.10.2019 - 30.09.2020

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 30.09.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2019 - 30.09.2020.

We 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.

Aarhus, 04.02.2021

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 01.10.2019 - 30.09.2020, 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 30.09.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2019 - 30.09.2020 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 of 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.

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 and 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, 04.02.2021

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

	2019/20	2018/19	2017/18
	DKK'000	DKK'000	DKK'000
Key figures			
Revenue	1,103,677	1,013,779	964,919
Gross profit/loss	774,244	694,733	652,922
Operating profit/loss	144,864	90,411	127,017
Net financials	3,725	3,420	2,914
Profit/loss for the year	117,898	69,634	99,089
Balance sheet total	1,054,660	923,444	813,491
Equity	616,751	543,675	484,352
Cash and cash equivalents	48,309	30,973	24,305
Average number of employees	919	926	805
Ratios			
Gross margin (%)	70.15	68.53	67.67
Net margin (%)	10.68	6.87	10.27
Return on equity (%)	27.62	17.94	24.75
EBIT margin (%)	13.24	8.96	13.22

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 deliver IT solutions that make it simpler for users to make crucial decisions in demanding situations. Briefly put: "Simplifying critical decision making".

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: Digitalisation, Healthcare, Defence, Intelligence & National Security, Library & Learning and Renewables & Utilities. 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 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 complexity.

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 solutions, 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 help 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. We are certified to CMMI Level 5 and 98% of all our agreed milestones with customers are approved and delivered on time.

Our Business areas

Defence is part of our genuine DNA of the Systematic Group as this is what kickstarted the group and what 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 via structured messages) for all 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 or MoMo platform is our 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 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 a digital boost for sustainable development.

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 clear 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 want 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, we have maintained the highest possible accreditation through a series of appraisals conducted every 3rd year. 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 less than 20 IT-companies hold it in Europe.

In 2021, Systematic will once again aim for reaching a CMMI level 5 Certification.

Development in activities and finances

2019/20 has been a very busy year for Systematic and a financial year where we, despite challenging market conditions, the global Covid19 pandemic, have managed to grow across all parameters. Our revenue is up 9% compared to last year, representing an increase across all our business areas. We reached a revenue of EUR 148m in 2019/20 and this is a positive confirmation of our continued organic growth journey. Our revenue has increased on average annually with 13% the past 5 years.

In line with previous years, we have in 2019/20 invested in completing key and very important milestones for our product portfolio in the Defence and Healthcare sectors. We have also invested a lot of time, money and efforts to bring our internal systems to the next level of digitalisation. Anchoring our new HR systems and preparing for deployment of our new ERP system and BI-solution in Q1-2021. Despite these efforts and despite the tough market conditions, we have still managed to also improve our profitability with 62% compared to last year. We reached an EBIT of EUR 19.6m in 2019/20, i.e. 13.2% EBIT-margin compared to 9.0% last year. Again, looking 5 years back, this represents an annual EBIT growth of 22%.

One of the most critical elements for Systematic, is our capability to remain financially healthy, strong and independent. We continue to be debt-free in the company and our equity and cash position remain very solid. Our equity has increased 21% compared to last year and our cash position has increased by 50% reaching EUR 48m by year-end 2019/20.

We have in 2019/20 managed to win a number of very important deals and orders. Our Order Intake has reached EUR 165m in 2019/20, representing an increase of 8% compared to last year. We are especially proud of the geographic distribution of this global sales effort. It underpins both our organic and our international growth journey that we have embarked on during the past many years. In 2019/20, a record high level of 55% of our Order Intake came from outside of Denmark. Our products have been sold in 26 countries in 2019/20.

Outlook

Our international growth and expansion will continue and have our highest priority in the period to come. We plan for an increased international footprint and we are experiencing a positive international interest across several parts of our product portfolio.

We foresee challenging markets in the year to come, first of foremost due to uncertainty arising from the pandemic Covid-19 crisis, but also driven from an increased competition in several parts of our business areas.

We have several larger internal IT projects that are executed and deployed in the coming year, this primarily being our new ERP system and our new internal BI portfolio tools.

Based on the above, we expect the financial results of 2020/21 to end at a similar level to reported year.

Particular risks

Systematic's business entails a number of commercial and financial risks, but no more than what is considered normal for an IT software and systems integrator such as Systematic. Overall, Systematic's management believes that the company is sufficiently geared to mitigating and managing its potential risks and challenges.

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 2019/20, we employed 123 new employees, excluding students and interns, bringing the total number of full-time employees to 909 as at 30 September 2020.

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. In order to develop our understanding of our own culture and leadership, Systematic is currently part of a PhD project with Aarhus University and Bjerringbro-Silkeborg Handball club, which focuses on what we can learn from comparing and working with culture and leadership across sports and private enterprise. The results of the research project, called "Winning Culture" will be built into existing practices and structures to secure the best possible organisational performance culture.

As a testament to our efforts in the people area, Systematic won the 10th place on the Universum list of Denmark's Most Attractive Employers of 2020 among IT professionals, and became the top climber of the year within IT. Systematic is also this year's winner of IT Company Rank 2020 with the award of being the most attractive workplace among consultants.

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.

Systematic's annual CSR report including the company's position regarding CSR is described in detail on our website at www.systematic.com/CSR (statutory report on corporate social responsibility under Section 99a of the Danish Financial Statements Act).

In our efforts to protect our company and its reputation, we have introduced a whistleblower platform available to all who become aware of any kind of misconduct connected with our business or violations of the Systematic Code of Conduct.

The external whistleblower hotline "Tell Us" is managed by the independent consulting company Deloitte to secure anonymity to the reporting person.

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.

In 2020 Systematic added a new, strong business profile to the board of directors when CEO of Danske Commodities, Helle Østergaard Kristiansen took at seat. Helle is a skilled business strategist with a strong commercial and financial profile.

The board now comprises of seven members: five men and two women.

Our Group Management comprises of eight vice presidents, of which one is a woman.

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.

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 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Revenue	1	1,103,677,104	1,013,778,936
Cost of sales		(186,775,842)	(185,186,130)
Other external expenses	2	(142,657,043)	(133,859,688)
Gross profit/loss		774,244,219	694,733,118
Staff costs	3	(605,224,536)	(579,279,081)
Depreciation, amortisation and impairment losses	4	(24,155,509)	(25,043,218)
Operating profit/loss		144,864,174	90,410,819
Other financial income		4,054,939	6,855,998
Other financial expenses		(329,838)	(3,436,072)
Profit/loss before tax		148,589,275	93,830,745
Tax on profit/loss for the year	5	(30,691,478)	(24,196,975)
Profit/loss for the year	6	117,897,797	69,633,770

Consolidated balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	8	176,760,630	30,415,784
Acquired intangible assets		0	3,541,141
Goodwill		491,462	891,464
Intangible assets	7	177,252,092	34,848,389
Other fixtures and fittings, tools and equipment		11,291,049	17,073,053
Leasehold improvements		10,565,359	7,514,531
Property, plant and equipment	9	21,856,408	24,587,584
Other investments		4,776,008	4,776,008
Other receivables		12,817,170	6,871,677
Fixed asset investments	10	17,593,178	11,647,685
Fixed assets		216,701,678	71,083,658
Trade receivables		155,563,173	206,758,303
Contract work in progress	11	120,845,371	127,172,494
Other receivables		18,226,390	109,543,276
Tax receivable		1,714,222	0
Prepayments	12	18,870,771	17,423,072
Receivables		315,219,927	460,897,145
Other investments		151,823,562	77,783,340
Investments		151,823,562	77,783,340
Cash		370,914,510	313,680,308
Current assets		837,957,999	852,360,793
Assets		1,054,659,677	923,444,451

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		99,104,324	96,832,623
Proposed dividend for the financial year		113,000	0
Equity belonging to Parent's shareholders		100,217,324	97,832,623
Equity belonging to minority interests		516,534,051	445,841,974
Equity		616,751,375	543,674,597
Deferred tax	13	25,309,321	17,420,413
Provisions		25,309,321	17,420,413
Tax payable		16,964,975	10,344,353
Other payables	14	44,108,973	4,243,474
Non-current liabilities other than provisions	15	61,073,948	14,587,827
Contract work in progress	11	38,151,723	30,957,210
Trade payables		46,609,658	32,725,901
Payables to owners and management		8,872,730	0
Tax payable		7,045,087	4,223,848
Other payables	16	150,017,868	126,522,343
Deferred income	17	100,827,967	153,332,312
Current liabilities other than provisions		351,525,033	347,761,614
Liabilities other than provisions		412,598,981	362,349,441
Equity and liabilities		1,054,659,677	923,444,451
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK
Equity beginning of year	1,000,000	96,832,623	0	97,832,623	445,841,974
Purchase of treasury shares	0	(25,150,000)	0	(25,150,000)	0
Ordinary dividend paid	0	0	0	0	(12,000,000)
Exchange rate adjustments	0	(655,872)	0	(655,872)	(7,015,147)
Other entries on equity	0	12,012,809	0	12,012,809	(12,012,809)
Profit/loss for the year	0	16,064,764	113,000	16,177,764	101,720,033
Equity end of year	1,000,000	99,104,324	113,000	100,217,324	516,534,051

	Total DKK
Equity beginning of year	543,674,597
Purchase of treasury shares	(25,150,000)
Ordinary dividend paid	(12,000,000)
Exchange rate adjustments	(7,671,019)
Other entries on equity	0
Profit/loss for the year	117,897,797
Equity end of year	616,751,375

Consolidated cash flow statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Operating profit/loss		144,864,174	90,410,819
Amortisation, depreciation and impairment losses		24,155,509	25,043,218
Working capital changes	18	41,181,839	34,410,297
Cash flow from ordinary operating activities		210,201,522	149,864,334
Financial income received		4,054,939	6,855,998
Financial expenses paid		(329,838)	(3,436,072)
Taxes refunded/(paid)		(26,450,092)	(44,683,848)
Cash flows from operating activities		187,476,531	108,600,412
Acquisition of fixed assets		(26,792,486)	(28,703,539)
Sale of fixed assets		3,602,509	746,675
Cash flows from investing activities		(23,189,977)	(27,956,864)
Free cash flows generated from operations and investments before financing		164,286,554	80,643,548
Dividend paid		(12,000,000)	(12,000,000)
Acquisition of treasury shares		(16,277,270)	0
Cash flows from financing activities		(28,277,270)	(12,000,000)
Increase/decrease in cash and cash equivalents		136,009,284	68,643,548
Cash and cash equivalents beginning of year		391,463,648	321,177,476
Currency translation adjustments of cash and cash equivalents		(4,734,860)	1,642,624
Cash and cash equivalents end of year		522,738,072	391,463,648
Cash and cash equivalents at year-end are composed of:			
Cash		370,914,510	313,680,308
Securities		151,823,562	77,783,340
Cash and cash equivalents end of year		522,738,072	391,463,648

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

	2019/20 DKK	2018/19 DKK
Statutory audit services	604,898	751,378
Other assurance engagements	152,694	34,586
Tax services	491,000	147,002
Other services	1,317,812	461,934
	2,566,404	1,394,900

3 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	572,624,238	547,812,647
Pension costs	26,778,620	26,747,751
Other social security costs	16,808,315	16,369,636
	616,211,173	590,930,034
Staff costs classified as assets	(10,986,637)	(11,650,953)
	605,224,536	579,279,081
Average number of full-time employees	919	926

4 Depreciation, amortisation and impairment losses

	2019/20	2018/19
	DKK	DKK
Amortisation of intangible assets	13,118,052	13,126,655
Depreciation on property, plant and equipment	11,218,169	11,581,950
Profit/loss from sale of intangible assets and property, plant and equipment	(180,712)	334,613
	24,155,509	25,043,218

5 Tax on profit/loss for the year

	2019/20	2018/19
	DKK	DKK
Current tax	22,802,570	19,126,227
Change in deferred tax	7,888,908	4,863,308
Adjustment concerning previous years	0	207,440
	30,691,478	24,196,975

6 Proposed distribution of profit/loss

	2019/20	2018/19
	DKK	DKK
Ordinary dividend for the financial year	113,000	0
Retained earnings	16,064,764	3,800,752
Minority interests' share of profit/loss	101,720,033	65,833,018
	117,897,797	69,633,770

7 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	119,736,291	21,580,654	10,052,657
Transfers	146,569,713	0	0
Additions	12,360,000	0	0
Disposals	0	(5,396,604)	(8,057,928)
Cost end of year	278,666,004	16,184,050	1,994,729
Amortisation and impairment losses beginning of year	(89,320,507)	(18,039,513)	(9,161,193)
Amortisation for the year	(12,584,867)	(133,183)	(400,002)
Reversal regarding disposals	0	1,988,646	8,057,928
Amortisation and impairment losses end of year	(101,905,374)	(16,184,050)	(1,503,267)
Carrying amount end of year	176,760,630	0	491,462

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.

The development of a customer project over the most recent financial years has led to a transfer of capitalized costs (measured at cost) from work in progress to development costs in 2019/20. The originally planned development work within this Healthcare project has changed character from being specifically aimed at one or a few customers, to being actually industry- and product-oriented in step with signing of a large number of contracts with customers within both the public and the private sector in Denmark.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	73,442,924	19,593,800
Additions	2,867,487	5,619,506
Disposals	(22,600,810)	(100,002)
Cost end of year	53,709,601	25,113,304
Depreciation and impairment losses beginning of year	(56,369,871)	(12,079,269)
Depreciation for the year	(8,649,491)	(2,568,678)
Reversal regarding disposals	22,600,810	100,002
Depreciation and impairment losses end of year	(42,418,552)	(14,547,945)
Carrying amount end of year	11,291,049	10,565,359

10 Fixed asset investments

	Other investments DKK	Other receivables DKK
Cost beginning of year	4,776,008	6,871,677
Additions	0	5,945,493
Cost end of year	4,776,008	12,817,170
Carrying amount end of year	4,776,008	12,817,170

11 Contract work in progress

	2019/20 DKK	2018/19 DKK
Contract work in progress	471,413,263	826,110,884
Progress billings	(388,719,615)	(729,895,600)
Transferred to liabilities other than provisions	38,151,723	30,957,210
	120,845,371	127,172,494

12 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

13 Deferred tax

	2019/20	2018/19
	DKK	DKK
Intangible assets	13,495,341	7,463,846
Property, plant and equipment	(1,271,602)	(879,436)
Receivables	15,285,582	12,042,003
Liabilities other than provisions	(2,200,000)	(1,206,000)
Deferred tax	25,309,321	17,420,413

	2019/20	2018/19
	DKK	DKK
Changes during the year		
Beginning of year	17,420,413	12,557,105
Recognised in the income statement	7,888,908	4,863,308
End of year	25,309,321	17,420,413

14 Other payables

	2019/20	2018/19
	DKK	DKK
Holiday pay obligation	44,108,973	4,243,474
	44,108,973	4,243,474

15 Non-current liabilities other than provisions

	Due after more than 12 months	Outstanding after 5 years
	2019/20	2019/20
	DKK	DKK
Tax payable	16,964,975	0
Other payables	44,108,973	5,923,689
	61,073,948	5,923,689

16 Other payables

	2019/20	2018/19
	DKK	DKK
VAT and duties	15,097,417	11,692,772
Wages and salaries, personal income taxes, social security costs, etc. payable	79,649,338	27,041,837
Holiday pay obligation	22,385,489	64,240,559
Other costs payable	32,885,624	23,547,175
	150,017,868	126,522,343

17 Deferred income

Prepayments and accrued income related to service contracts.

18 Changes in working capital

	2019/20	2018/19
	DKK	DKK
Increase/decrease in receivables	428,053	(40,836,470)
Increase/decrease in trade payables etc.	40,753,786	75,246,767
	41,181,839	34,410,297

19 Unrecognised rental and lease commitments

	2019/20	2018/19
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	104,614,404	94,077,652

20 Contingent liabilities

	2019/20	2018/19
	DKK	DKK
Recourse and non-recourse guarantee commitments	5,704,273	6,196,700
Contingent liabilities	5,704,273	6,196,700

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 and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these 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
Systematic France SAS	Paris, FR	SAS	100,0
Dantek GmbH	Cologne, DE	GmbH	100,0
Aktiebolag av 16. december 2011 AB	Växjö, SE	AB	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 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Other external expenses		(31,250)	(59,375)
Gross profit/loss		(31,250)	(59,375)
Income from investments in group enterprises		12,747,757	3,823,171
Other financial income	1	357,684	30,633
Other financial expenses		(176,710)	0
Profit/loss before tax		12,897,481	3,794,429
Tax on profit/loss for the year	2	(32,939)	6,323
Profit/loss for the year	3	12,864,542	3,800,752

Parent balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Investments in group enterprises		107,281,885	74,401,000
Fixed asset investments	4	107,281,885	74,401,000
Fixed assets		107,281,885	74,401,000
Receivables from group enterprises		11,650,901	23,444,760
Tax receivable		812,956	314,523
Joint taxation contribution receivable		16,233,406	11,245,622
Receivables		28,697,263	35,004,905
Current assets		28,697,263	35,004,905
Assets		135,979,148	109,405,905

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		1,000,000	1,000,000
Reserve for net revaluation according to the equity method		16,016,387	3,924,502
Retained earnings		92,911,866	92,908,081
Proposed dividend for the financial year		113,000	0
Equity		110,041,253	97,832,583
Trade payables		25,000	25,000
Payables to group enterprises		275,387	0
Payables to owners and management		8,872,730	0
Tax payable		16,764,778	11,548,322
Current liabilities other than provisions		25,937,895	11,573,322
Liabilities other than provisions		25,937,895	11,573,322
Equity and liabilities		135,979,148	109,405,905
Contingent liabilities	5		
Related parties with controlling interest	6		
Transactions with related parties	7		

Parent statement of changes in equity for 2019/20

	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	3,924,502	92,908,081	0	97,832,583
Exchange rate adjustments	0	(655,872)	0	0	(655,872)
Profit/loss for the year	0	12,747,757	3,785	113,000	12,864,542
Equity end of year	1,000,000	16,016,387	92,911,866	113,000	110,041,253

Notes to parent financial statements

1 Other financial income

	2019/20	2018/19
	DKK	DKK
Financial income from group enterprises	357,684	30,633
	357,684	30,633

2 Tax on profit/loss for the year

	2019/20	2018/19
	DKK	DKK
Current tax	32,939	(6,323)
	32,939	(6,323)

3 Proposed distribution of profit and loss

	2019/20	2018/19
	DKK	DKK
Ordinary dividend for the financial year	113,000	0
Retained earnings	12,751,542	3,800,752
	12,864,542	3,800,752

4 Fixed asset investments

	Investments in group enterprises DKK
Cost beginning of year	70,476,498
Transfers	(436,498)
Additions	25,150,000
Cost end of year	95,190,000
Revaluations beginning of year	3,924,502
Exchange rate adjustments	(655,872)
Transfers	436,498
Amortisation of goodwill	(1,133,214)
Share of profit/loss for the year	13,880,971
Dividend	(4,361,000)
Revaluations end of year	12,091,885
Carrying amount end of year	107,281,885
Goodwill or negative goodwill recognised during the financial year	11,332,137

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

5 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 and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these enterprises. The total tax liability is incorporated in the accounts for Michael Holm Holding ApS.

6 Related parties with controlling interest

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

7 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 and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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.

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

Minority interests comprise the minority interests' share of subsidiaries' equity in which the subsidiary is not wholly owned by the Parent.

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.