Let's go further

EG A/S Annual Report 2022

This Annual Report was presented and approved by the shareholders at EG A/S' Annual General Meeting held on 10 March 2023

Henrik Hansen, Chairperson of the General Meeting

www.eg.dk   Company reg. (CVR) no. 40 40 60 93   1 January - 31 December 2022

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EG in numbers

EG is a market leading vendor of industry-specific, standard software for private and public customers in the Nordics. EG's Software-as-a-Service offerings are developed by specialists with deep industry and domain knowledge, supporting business-critical and administrative processes. EG employs 1,900+ people primarily in the Nordics

Read more about EG here.

Revenue DKK million
2,077

Adj. EBITDA DKK million
745

Adjusted EBITDA Growth
29.4%

Customers
29,000+

Revenue growth
18.3%

Organic Recurring Revenue Growth
7.3%

Adj. EBITDA margin
35.9%

Employees
1,900+

Recurring revenue
82%

Gross retention rate
98%

TAM DKK billion
34

Revenues from top-3 SaaS vendor positions
>90%

Chairperson Klaus Holse

The company grew revenue by 18%, surpassing DKK 2 billion in total revenues while recurring revenue from primarily subscription-based software grew by 24%.

A resilient business

2022 was yet another year where EG experienced strong growth in revenues and profits despite geopolitical and inflationary challenges. We come out of the year even more convinced that EG's business and strategy are resilient and value-creating, benefitting customers and other stakeholders alike. During the year, both existing and new customers have benefitted from EG's industry-specific and often mission critical SaaS offerings as well as EG's larger scale and stronger market positions.

We would like to thank EG's employees for the flexibility and loyalty they have shown throughout the year and for how they have supported customers and colleagues during changing and sometimes very difficult times.

In 2022 we saw the end of the pandemic early in the year but were faced by the terrible and tragic war in Ukraine which directly impacted the lives of our Ukrainian colleagues and shocked us all. We have seen dramatic increases in inflation, energy prices and cost of capital. The changes have been sudden, and businesses have been impacted quickly.

Despite these changes, EG has delivered on its financial plan and strengthened both market positions and capabilities.

The company grew revenue by 18.3%, surpassing DKK 2 billion in total revenues while recurring revenue from primarily subscription-based software grew by 23.7%. The recurring revenue has grown from 78.3% to 81.9% as a proportion of our total revenues in 2022, thereby further increasing the quality and predictability of the revenues. Profitability grew as well with Adjusted EBITDA margin expanding from 32.8% to 35.9%.

Market positions were strengthened both through the five acquisitions completed during the year and through organic growth in our existing markets. EG continued to expand its footprint across the Nordic region and across vertical markets, increasing diversification, and through this, the resilience of the business. EG is expected to continue growing across all Nordic countries, leveraging the strong market positions we have across our 17 sub-vertical markets.

Growth has been delivered through a strategy based on three pillars that have driven strong financial returns in the past and that will continue to do so in the future:

- Building market leading positions across the Nordics, organically and through strategic acquisitions;
- Operating within the EG Operating Model to drive scale and ensure best practice; and
- Maintaining diversity and empowerment in our business units with a Nordic trust-based leadership culture.

In 2022, we have continued to improve the capabilities in our operating model. Especially within the highly prioritized cybersecurity discipline, where the advantages of a common operating model supporting all the business units centrally have become particularly evident. A common way of operating also ensures that we improve along all three ESG dimensions and metrics.

The issue related to climate change has become even more apparent in 2022. Focus on sustainability and actions to combat this climate change is core to EG's values and business strategy. During the year, EG increased its capabilities in Energy Management Solutions ("EMS") and Nordic reach even further, both organically and through strategic acquisitions. We have also focused on EG's own CO_2 footprint and have been able to reduce CO_2 per FTE both within scope 1 and scope 2 during 2022.

Employee satisfaction has increased across all countries, and customer satisfaction has improved. On gender diversity, EG is at a level well above the average in the IT industry and we continue to push for gender diversity across all management levels. We believe that the diversity in our markets and in our perspectives is what will ensure that we innovate and that we will be able to continue to adapt quickly.

Please read more about how we work with ESG in this report or in our separate ESG Report 2022.

In a turbulent 2022 EG showed the value of its resilient business model. The resilience is based on a high proportion of recurring revenues, diversified across markets and leveraging a unique and common operating model that helps drive scale and increasing margins. With this, I would like to thank all EG employees who make it all happen and to our customers for their continued trust in us.

Yours sincerely

Klaus Holse
Chairperson, EG A/S

Revenue Growth, 2022

18.3%

Recurring Revenue Growth, 2022

23.7%

Financial highlights & ratios

Financials

DKK million	2022	2021	2020	9 months 2019
Income statement				
Revenue	2,077	1,755	1,439	790
Adjusted EBITDA (Non-IFRS Measure)*	**745**	**576**	**438**	**237**
EBITDA	**726**	**544**	**415**	**222**
Net financial expense	(363)	(292)	(248)	(157)
Adjusted profit for the year (Non-IFRS Measure)**	**108**	**84**	**18**	**(57)**
Profit for the year from continuing operations	**(263)**	**(307)**	**(278)**	**(294)**
Profit for the year	**(263)**	**(239)**	**(268)**	**(289)**
Profit for the year from continuing operations	(263)	(307)	(278)	(294)
Acquisition related amortisations	234	205	189	142
Tax effect related amortisation	(51)	(45)	(42)	(35)
Share based payments	19	32	23	15
Special items	169	199	126	115
Adjusted profit for the year	**108**	**84**	**18**	**(57)**
Balance sheet				
Total assets	7,584	6,782	5,887	5,190
Equity	853	1,175	1,322	1,260
Cash flow				
Free cash flow	194	90	237	45
Adjusted free cash flow (Non-IFRS Measure)***	363	305	363	201
Investments				
Property, plant and equipment	90	59	42	6

Ratios

DKK million	2022	2021	2020	9 months 2019
Financial ratios				
Revenue Growth	18.3%	22.0%	82.2%	
Recurring Revenue % (Non-IFRS Measure)	81.9%	78.3%	75.1%	71.7%
Recurring Revenue Growth % (Non-IFRS Measure)	23.7%	27.0%	20.0%	14.0%
Adjusted Revenue (Non-IFRS Measure)****	2,190	1,903	1,574	1,352
Organic Revenue Growth (Non-IFRS Measure)*****	2.4%	3.4%	(3.0)%	4.3%
Adjusted Recurring Revenue (Non-IFRS Measure)	1,803	1,489	1,181	965
Organic Recurring Revenue Growth (Non-IFRS Measure)	7.3%	8.0%	0.8%	4.6%
Adjusted EBITDA growth (Non-IFRS Measure)	29.4%	31.5%	84.8%	
Adjusted EBITDA margin (Non-IFRS Measure)	35.9%	32.8%	30.4%	30.0%
EBITDA margin	35.0%	31.0%	28.8%	28.1%
Equity ratio	11.2%	17.3%	22.5%	24.3%
Average numbers of employees	1,638	1,360	1,176	1,206
Gross retention rate % (Non-IFRS Measure)	98%	97%	97%	97%
Net retention rate % (Non-IFRS Measure)	104%	103%	99%	103%

* Adjusted EBITDA: EBITDA Before share based payments.

** Adjusted profit for the year: Profit for the year from continuing operations before acquisition-related depreciation/amortisation and impairment losses, share based payments and special items.

*** Adjusted free cash flow: Free cash flow excluding special items, non-cash movements on property, plant and equipment and acquisition of external licensing rights.

**** Total reported revenue adjusted to include revenue as if acquisitions were completed on the first day of the relevant accounting period. Figures are stated in Constant Currency.

***** Organic Revenue Growth represents the development of EG's revenues in relation to the corresponding prior accounting period, including revenue from acquisitions completed in the current and prior accounting period as if the acquisitions have been made on the first day of the previous accounting period. Numbers are stated in Constant Currency.

Note: Financial ratios regarding Recurring Revenue and Revenue Growth for Non-IFRS Measures are on full year EG consolidated level.

CEO Mikkel Bardram

In 2022, we delivered at the top range of our financial projections with 18.3% revenue growth and adjusted EBITDA margin increasing by 3.1p.p. to 35.9%.

Staying the course

We stayed the course in a year of significant geopolitical turmoil and volatility in the economy. We grew both revenues and profitability while we improved our market positions and matured the capabilities of the EG operating model.

In 2022, we delivered at the top range of our financial projections with 18.3% revenue growth and Adjusted EBITDA margin increasing by 3.1p.p. to 35.9%. This growth in revenue comes from growing our business organically with our more than 29,000 customers across the Nordics in 17 sub-vertical markets, delivering 7.3% organic growth in our recurring revenues. We ended at the highest ever revenue level for EG at DKK 2,077m, including the five (5) strategic acquisitions we completed during the year. Today, EG is a business of almost twice the size it was when we set out on the "new EG" journey as a vertical software focused business back in 2019. We now see the clear benefits of our focused vertical software strategy – creating a higher growing and better-quality revenue business with increasing efficiency in the way we operate.

Our ability to deliver mission critical standard SaaS has been proven and we see that the cost effectiveness of the solutions we offer is appreciated by our customers in the current economic environment. Fewer customers want to tailor their own solutions and more customers want to buy standard vertical software that fits their vertical requirements and delivers business value more quickly than custom solutions.

We have a strong conviction in our strategy which is focused on building market leading positions in the Nordic market and professionalizing our work with EG's common operating model. This strategy becomes increasingly relevant as customers' expectations continue to rise and the technological and regulatory complexity of delivering vertical SaaS increases. The opportunity to add value to smaller vertical software companies in the Nordics has yet again been confirmed in 2022 as we continued to acquire strategic and complementary businesses and as we continue to see a consolidation potential in the market.

Building market leading positions

We strengthened our market position across the Nordics during 2022. We now have more than 29,000 customers across the Nordics (up from 26,000 in 2021) utilizing our software applications. The number of users continue to climb as we move into new markets in new countries. EG is now much more diversified across the Nordics – back in 2019, we had 77% of our revenues from Denmark compared to 55% of our revenues in 2022. We are now serving 8 vertical markets and 17 sub-vertical markets. During 2022, we added real estate as a new vertical market following the acquisition of Ørn Software in August.

Ørn Software is EG's biggest acquisition to date and our first public to private transaction. With this acquisition, we significantly improved our capabilities within facility and energy management, especially in Norway and Finland, but also now with a presence in Iceland. Ørn Software had over the years acquired more than 10 companies themselves and it has been a pleasure to welcome 169 employees from Ørn Software to EG and Ørn's leading portfolio of vertical software products into EG.

We see several growth drivers within real estate that will increase digitization and the demand for vertical software. First, energy management software focused on buildings has a large potential as the energy management process is not digitalized yet in many buildings. Our acquisition of Vitani Energy Systems in May 2022 is focused directly at energy management and is a strong player in the Danish market. Secondly, the hybrid way of working in offices drives the need for tools to optimize utilization in more flexible office setups. Combined with our other offerings for real estate and housing we are now the largest provider to the real estate market in the Nordics.

During 2022 we also added capabilities to our Construction and Digital Welfare business units through the acquisitions of Ajour Systems, UNOIT and Dafolo. Ajour Systems was acquired in April and strengthened our position in the Danish construction market, both with a very capable management team and a great product portfolio. UNOIT was acquired in February and added complementary capabilities to our EdTech portfolio for public and private educational institutions. In June, we added five products from Dafolo to our portfolio within Digital Welfare, improving our ability to support especially municipalities with self-service and case management solutions.

Our product portfolio has not only been improved through strategic acquisitions, but also through increased investments into our existing products. Our CAPEX in 2022 has increased by 34% to DKK 199m. Our investments have been focused on making our products even more intuitive and increase connectivity with the eco-systems within which our products are integrated. We have also seen our customer satisfaction increase steadily through 2022. We continue to get great feedback and appreciation for our customer support capabilities and the deep knowledge we have of our customers' businesses.

All in all, I am happy with the progress we have made to strengthen our market positions, both organically and through acquisitions during 2022. I would like to thank our customers and the owners of the businesses we have acquired for their trust in us. We do not take it for granted.

Adding capabilities to the EG common operating model

We continue to invest in EG's common operating model. The focus is to improve our capabilities across all areas of the operating model by investing in central resources, processes and tools that can add significant value to the business units. The complexity of being a vertical software company continues to increase with more technological possibilities, more regulations, and much higher expectations when it comes to, for example, cyber-security. This increasing complexity makes it even more important that we leverage the full scale of EG to improve our capabilities.

It is a creative process and almost an art form to build a common operating model that is scalable across business units. It requires investments, ingenuity, and the right collaborative mindset to make it happen and I am pleased with the significant progress we made in 2022. We continue to add good practices from new companies that join us and to improve our skills to meet new expectations in the market. However, in 2022 we have significantly matured our common operating model reaching a point where we now have real scale and proven specialized competences that add value to our business units. Onboarding of acquired companies is always challenging but the onboarding path has become less bumpy, much better orchestrated and more rewarding. With now more than 100,000 subscriptions managed in our central ERP and more than 600 supporters from 16 different business units doing their daily work in the same system, we are getting to a point where we have real scale and insight into our operational processes.

We have also invested in our cyber-security capabilities during 2022. We invested in a strong central team and raised expectations for our business units. This is work that will continue during 2023 but like the other areas in the operating model

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>
> However, the demand for vertical software is strong, and we expect our addressable market to continue to grow due to further digitalization of customers' business processes, further need for easy-to-use and more flexible solutions to address industry-specific issues and a significant focus on security and secure handling of data.

we now have a stronger cyber-security capability that can be deployed across the business units.

It is through our operating model and through the way we learn from each other in EG that we build a real differentiation as a company. I would like to thank EG's employees for all the progress we have made during 2022. We have come far and have a good plan to improve even further in 2023.

Diversity, sustainability and empowering business units

EG continued its strong focus on delivering on our ESG priorities and making a difference. We continue to empower our business units and our employees to make decisions close to our customers. Employee satisfaction and engagement has continued to increase during 2022.

We have also seen more of our employees use their volunteer day to do something good for causes that they care about. Support to Ukraine has been an obvious and natural cause to support this year given the terrible war Russia has initiated. We have given both direct financial aid to Ukraine and we have supported our Ukrainian colleagues with relocation and by continuing to pay salaries in periods where they have not been able to work due to lack of electricity or lack of internet access.

We have also made progress when it comes to our impact on the environment. Our scope 1 and scope 2 footprint per FTE has decreased and the share of our electricity coming from renewable energy has increased from 49% to 62%.

We continue to gather data on our scope 3 footprint as well but the biggest impact we have as a software company is when we help our customers reduce their CO_2 footprint. We both see significant growth within our energy management business and within our construction business, where our LCA calculators that show the lifetime carbon footprint of a building, are in increasing demand. The growth is a good sign of increased interest in climate actions and evidence that we can help our customers make the right decisions for the climate.

On the diversity side, we continue to have a higher percentage of female employees than the average in the Danish tech market. During 2022, we established a Diversity Committee with employees from different countries and departments. Focus in this group has been on how we better use diversity in ages and nationalities across our workforce to create an improved working environment and how this improves EG's ability to offer better solutions for our customers. More details about our ESG initiatives and progress can be found in the EG ESG report for 2022.

Looking ahead

As we look forward, we expect the geo-political and macro backdrop to challenge the economies within which we operate for some time. However, the demand for vertical software is strong, and we expect our addressable market to continue to grow due to further digitalization of customers' business processes, further need for easy-to-use and more flexible solutions to address industry-specific issues and a significant focus on security and secure handling of data.

EG is a resilient business which can stay the course also in more challenging conditions. Our diversified market positions, our business model and the market opportunity that lies ahead of us in the Nordic market for vertical software are key reasons why we have a positive outlook for 2023.

Yours sincerely

Mikkel Bardram
CEO, EG A/S

Acquisitions in 2022

In addition to Organic Growth, EG seeks to strategically acquire businesses and software solutions to support our aim of becoming market leader in each of our key verticals across the Nordics.

Five acquisitions were completed during the year, adding DKK 253 million in proforma revenues for 2022.

Construction	Utilities	Public	Real Estate
Ajour Systems April 2022 Denmark	**Vitani Energy Systems** May 2022 Denmark	**UNOIT** February 2022 Denmark	**Ørn Software Holding** August 2022 Norway
		Dafolo June 2022 Denmark	

EG in brief

Operating in the large, fast-growing and attractive Nordic vertical software market with solid underlying growth drivers, it is our mission to build market leading vertical software with a vision to enable customers to become industry leaders.

EG develops and delivers proprietary software-as-a-service (SaaS) solutions and other services across eight key verticals and 17 sub-verticals. More than 90% of EG's revenue in 2022, is driven by top-3 SaaS vendor positions across EG's key verticals. We have developed our leading market position from decades of domain knowledge and experience, making us a trusted partner to our customers as we deliver mission-critical solutions for their operations daily, supported by our more than 1,900 employees.

EG operates through business units within each of the eight key verticals. The business units are supported by the EG Operating Model, which allows EG to operate more efficiently by leveraging shared services and implementing best practice across the entire company.

A significant part of our sale consists of Recurring Revenue from subscriptions, which secures highly visible and predictable revenue streams. The share of Recurring Revenue has been growing steadily and accounted for 82% of total revenue in 2022. The high share of Recurring Revenue is partly driven by our loyal customer base.

In addition to strong customer retention, we benefit from a highly diversified customer and revenue base with low customer concentration. We have more than 29,000 customers across the Nordic countries and several million end-users who we serve daily through our SaaS offerings.

EG has a track record of delivering strong growth in revenues and earnings, organically and through strategic acquisitions, underpinned by EG's strong market positions and continued favorable market trends.

Key Vertical	% of EG proforma Revenues	Sub-Verticals
Retail & Wholesale	18%	DIY & Timber Fashion Retail
Construction	17%	Pre-Construction Planning / Cost Estimation / Operations & Maintenance
Business Services	9%	Beauty & Wellness Cemeteries & Churches Legal Housing
Healthcare	8%	GPs, Specialist Treatments / Clinics
Industrials	7%	Road Transport Manufacturing
Public	21%	Public Sector Payroll and Rostering Digital Welfare EdTech
Utilities	11%	Utilities (Electricity, Gas, Water) Energy Management Solutions (EMS)
Real Estate	9%	Real Estate Facility Management

Estimated market size (TAM)
In 2022

34 DKK billion

Expected growth
Annually until 2026

5-6%

Large and growing market

The Nordic vertical software market is large and fragmented. The service available market in the Nordics within the eight key verticals in which EG is active was estimated to have a value of approx. DKK 6 billion in 2022. The market is expected to grow 5-6% annually until 2026, with some verticals growing faster than others.

The total addressable market in the Nordics, including geographies, software functionality, and customer groups in which EG is currently not active was estimated to have a value of approx. DKK 34 billion in 2022.

The strong growth in the Nordic vertical software market is driven by several key trends, such as the continued digitization of manual processes, which is especially important for small and mid-sized enterprises, increasing demand for ease-of-use and flexibility of software and an increased focus on security and data governance.

The market has relatively high barriers to entry, driven by high product development costs, high customer acquisition costs, a need for local market knowledge and regulation. Many smaller vertical software suppliers are facing increasing complexity in terms of customer demand for digitisation and continuous innovation, technology challenges related to security and cloud delivery as well as increased regulations. Furthermore, the market is characterised by loyal customers due to several factors, including the business critical and specific nature of the solutions to the customers.

Strategic objectives

We believe the key to success is to maintain a strong focus on what is unique in each vertical market while at the same time driving scale within and across markets.

EG has set three strategic objectives that reflect this:

- Establish a number one market leadership position across our key verticals and sub-verticals;
- Achieve strong Organic Recurring Revenue Growth; and
- Continue to achieve margin improvement as the business scales.

To achieve these objectives, we have set out the following strategic priorities.

Strengthen our market leading positions through organic growth

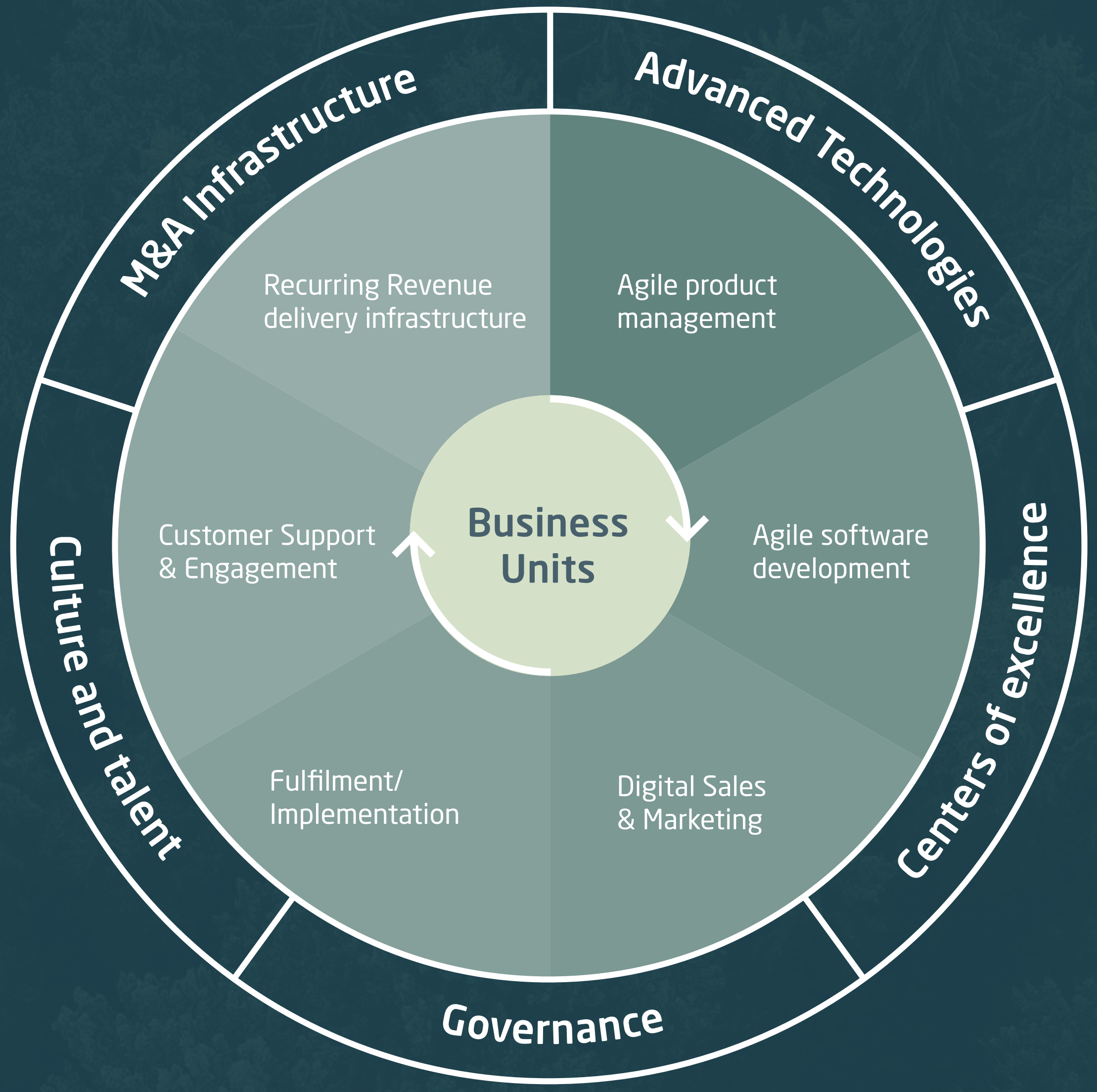
EG seeks to grow organically through investments into continuous product development and innovation with a focus on developing the best SaaS offering in each key vertical, based on specific domain knowledge and industry insights. In particular, EG aims to drive organic Recurring Revenue by leveraging the increasing pace of technological change and customer demand for digitalisation, and to exploit opportunities for upselling with additional features and add-ons.

Accelerate growth through strategic acquisitions

EG has a proven track record in strengthening market leading positions through strategic acquisitions, adding complementary products in adjacent and new vertical markets as well as scaling through geographic expansion. We believe that EG is a preferred consolidation platform amongst competitors, and we have carried out 28 acquisitions across all key verticals since June 2019 with operations across the Nordics – and there are plenty of opportunities to further consolidate the market in many of our key verticals.

EG's central team of M&A and integration professionals supports business units in pursuing strategic acquisitions based on clearly defined acquisition criteria. Once acquired, targets are then rapidly integrated into the EG Operating Model, which enables acquired companies within the same key or sub-vertical to operate as one business. This leads to improved capital allocation, product offering and deeper domain expertise.

The EG Operating Model



The outer segments in this graphic represent the shared support functions, enabling the business units in the centre of the model to operate independently with full P&L ownership, whilst supported by EG's shared best practices.

Leverage the EG Operating Model to achieve scale, efficiency and share best practice

All business units will operate on the EG Operating Model, which provides a common way of working, based on group-wide tools, policies and processes, including agile product management, software development, digital sales and marketing, order fulfilment and implementation, customer support and engagement and Recurring Revenue delivery.

By retaining individual responsibility for P&L, business units within each key vertical are empowered to perform independently and to make vertical specific decisions, such as hiring their own employees and making product-related commercial decisions driven by a focus on customer service whilst benefitting from the EG Operating Model. This helps business units to operate more efficiently and allows them to bring more value to customers, quicker.

These best practices and shared functions improve operational performance and drive growth, both in terms of revenue and profitability. The EG Operating Model also enables acquired companies to be onboarded quickly and efficiently finding the right balance between harmonisation and maintaining the uniqueness in each market.

The digitalisation of the Nordic construction and property market

EG is today the largest Nordic vendor covering the property value chain supporting thousands of property owners & managers, building supply wholesalers and distributors, and construction companies and craftsmen. EG's SaaS offerings cover the entire lifecycle of a property and many of the activities involved across various stakeholders, ranging from building design, building cost estimation, manufacturing of building materials, shipping of building materials, distribution and wholesale of building supply, management of building projects and inspections, facility , lease, tenant and energy management.

As these activities increasingly are digitised (i.e. captured in a digital format) and digitalised (i.e. inter-connected between digital applications), then efficiency of managing such digital activities and workflows improve significantly. This also means that data can be generated more easily, shared and reported on. For example, the use of IoT devices and sensors allow for real time insights, tracking of tools and construction equipment, employee safety, tracking of shipments and logistics, energy consumption, property usage, to name a few. Use cases are endless.

The property value chain and all the activities related to its life cycle and resources used over time has one of the biggest impacts on our environment. At the same time, the property and construction sectors have significant impact on local economies and business activities, offering important job opportunities, income generation and distribution. This is also why governments increasingly focus on this industry to try to reduce the environmental impact and encourage more sustainable ways of operating. EG has a strong presence across the value chain and our objective is to enable data and insight to flow seamlessly between stakeholders and through this make the entire property life cycle more effective, sustainable and safe. EG will do this through its continued focus on digitalisation of processes within each property value chain segment (or sub-vertical) and further and richer integration of solutions, between EG offerings and other strategic partners.

Adding scale and strength in Energy Management and Sustainability

EG has a strong focus on ESG and when the opportunity came to acquire a leading asset in the market for sustainability and energy management solutions, this quickly became a new and strong focus for EG. Hence, EG's first acquisition in this segment was EnerKey in Finland, acquired during 2021.

The deal added a leading vendor in the Finnish market which since has been complemented through the acquisition of Vitani Energy Systems A/S during 2022. Vitani Energy added strategic customers, capabilities and industry experts in the Danish market for energy management.

As part of the Ørn Software acquisition, EG became the owner of a leading Norwegian platform for energy management, but also added broader capabilities within EG's offerings for real estate management. This provides potential for future cross-selling.

Together and through these three acquisitions and the subsequent integration into one of EG's business units, EG now holds a leading position and portfolio of Nordic software capabilities for sustainability and energy management solutions. This includes customers in all Nordic countries, across both the private and public sector.

The three businesses were acquired within one year and combined into a new sub-vertical, a feat that would not have been possible without EG's common operating platform and the fact that EG has strong M&A and integration experience across its business managers, supported by the internal and dedicated teams for M&A and integrations.

Building Supply – merging leading assets into the Nordic platform

EG has a long experience in providing standard products to the building supply industry in Denmark and Norway, operating two separate vertical software platforms. The building supply industry consists of complex supply chains and commercial models, ranging from franchise takers to direct owners as well as customers with both physical and online distribution of supply. Customers are increasingly consolidating and operating across borders, at the same time as regulations are focused on improving sustainability of buildings and minimizing the environmental impact from building materials and construction activities.

Following the strategic acquisition of the Swedish business, Trygg/2000, in 2021, EG initiated a project to consolidate its three separate organizations within the building supply market into one business unit. This merger allowed EG to build a new organization with more than 100 employees and significantly larger scale to support its customers as they expand their operations across the Nordic region. EG Building Supply is now the largest vendor in the Nordics offering industry-specific and standard products to customers in this market.

Another important purpose with the project of establishing EG Building Supply as one business unit was to create a combined product portfolio and roadmap leveraging the best solutions from each of the various platforms and their respective market leading positions. This project was initiated during 2022 with strong support from EG's customers in collaboration with EG's industry experts within Building Supply with commitment from EG to invest significant resources into product development over the coming years.

The strategic acquisition of Trygg/2000 and the ability to integrate companies has ensured that EG is now much better positioned to support customers within the Building Supply industry.

Financial review

Financial performance

In 2022, EG generated revenue of DKK 2,077m, an increase of 18.3% compared to 2021. Recurring Revenue grew 23.7% and Organic Recurring Revenue Growth was 7% compared to 2021 measured in constant currencies. Recurring Revenue as share of total Group revenue increased to 81.9% compared to 78.3% in 2021.

Further, EG generated an Adjusted EBITDA of DKK 745m in 2022, corresponding to an Adjusted EBITDA margin of 35.9%, up from 32.8% in 2021.

General

2022 was a milestone year for EG – another year where we took significant steps forward as we have now doubled the revenue since the Francisco Partners ownership in mid-June 2019. We have transitioned the revenue composition to predominantly being recurring and continued to expand the Adjusted EBITDA margins, leaving the management of EG satisfied with the results achieved in 2022.

Revenue development

Organic Recurring Revenue growth was 7.3% in 2022 and Organic Revenue Growth[1] was 2.4% driven by declining Non-Recurring Revenue due to a combination of more difficult market conditions in our professional services business and as we are continuing our Software as a Service (SaaS) transition. Our main focus is on driving Organic Recurring Revenue Growth and to increase the Recurring Revenue share of total revenue.

In 2022 EG generated DKK 1,701m of Recurring Revenue compared with DKK 1,375m in 2021, an increase of DKK 326m or 23.7%. In 2022 Recurring Revenue as share of total revenue increased 3.6 p.p. compared to 2021 and ended at 81.9%.

Origin of growth

The development in Recurring Revenue stems from two sources, growth from existing & new customers (Organic Growth) and growth from M&A (In-organic Growth).

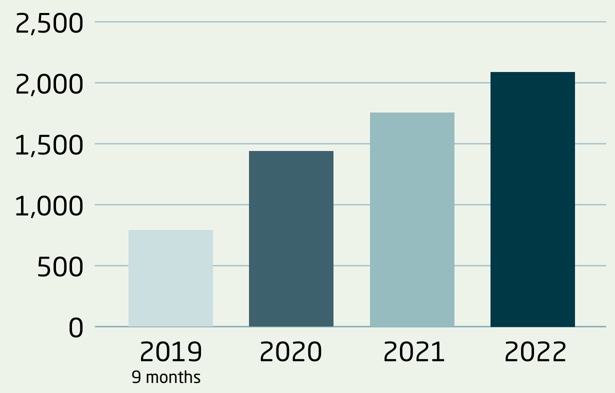
EG's Organic Recurring Revenue Growth in 2022 was largely driven by expanding our footprint in existing and new markets through new customers, increasing our share of wallet with existing customers by expanding our services and upselling new subscription-tied modules. In 2022, EG's customer base again proved to be highly loyal, further enhancing EG's market leading position within individual verticals. Gross retention has improved and ended at 98% compared to the level of 97% in 2021, while the Net Retention rate (the cumulative total contracted, and expanded revenue from existing customers), increased and ended at 104% compared to the level of 103% in 2021.

As an integral part of our strategy, we are enhancing our SaaS offerings by delivering business services across verticals, leveraging our unique market positions to further drive an increase in Organic Recurring Revenue. In 2022, EG achieved an expansion of customers served leading to an increase in new customers.

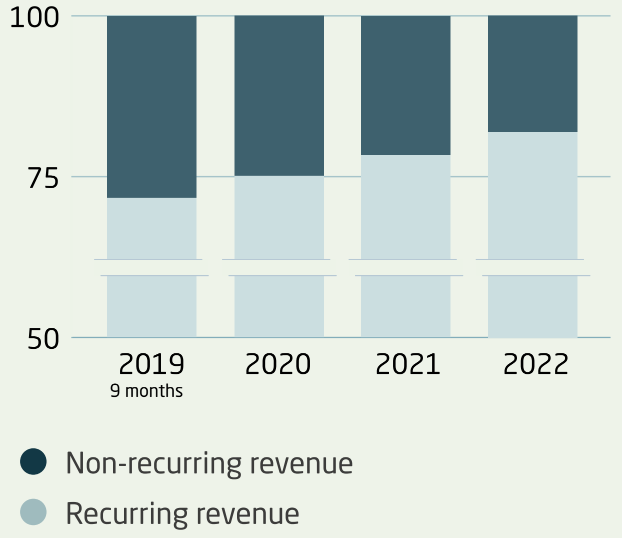
The In-organic Growth in 2022 is partially driven by a full year effect from the 12 acquisitions signed during the financial year 2021, amounting to DKK 171m.

In addition, EG closed 5 new acquisitions in 2022. Those acquisitions added DKK 133m to the revenue, and DKK 267m total

EG Group revenue (DKKm)



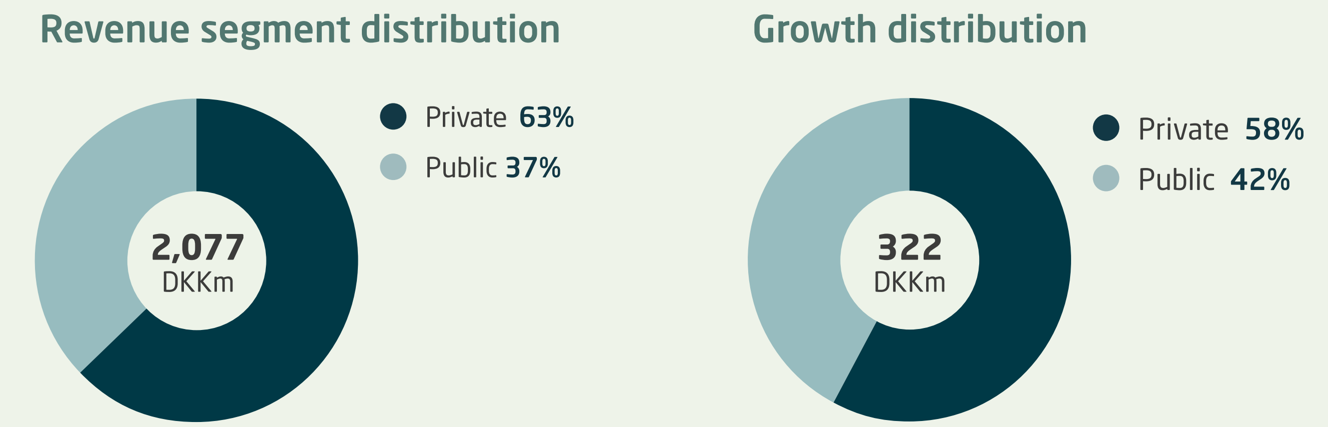
Revenue type distribution



[1] Organic Revenue Growth represents the development of EG's revenue in relation to the corresponding prior accounting period, including revenue from acquisitions completed in the current and prior accounting period as if the acquisitions have been made on the first day of the previous accounting period. Numbers are stated in Constant Currency.

Geographical origin of revenue

DKKm	2019	2020	2021	2022
Denmark	610	953	1,119	1,142
Outside Denmark	180	486	636	935
Total	**790**	**1,439**	**1,755**	**2,077**
Growth				
Denmark	-	56.1%	17.5%	2.1%
Outside Denmark	-	170.6%	30.6%	47.0%
Total	**-**	**82.2%**	**22.0%**	**18.3%**



full year Adjusted Revenue. The 2022 full year Adjusted Revenue ended at DKK 2,190m, and the 2022 full year Adjusted Recurring Revenue ended at DKK 1,803m.

In 2022, EG generated DKK 376m of Non-Recurring Revenue compared with DKK 380m in 2021, a decline of DKK 4m. The Non-Recurring Revenue have in 2022 been negatively affected by general slowdown and a stronger focus on selling standardized SaaS solutions. Further, we have again in 2022 seen a continued shift in professional services, where some contracts combining Software as a Service and implementation are entered which in turn decreases up-front revenue from implementation projects that are deferred to the subsequent years.

The FX impact on revenue in 2022 was limited to 0.3% driven by a decrease of the weighted average SEK/DKK from 73.3 in 2021 to 70.4 in 2022 offset by an increase of the weighted average NOK/DKK from 72.8 in 2021 to 73.2 in 2022 corresponding to a slightly negative impact of DKK 5.4m on revenue development.

Revenue by Segment

Revenue from the Public segment[2)] increased by DKK 136m, or 21%, from DKK 641m in 2021, to DKK 777m in 2022. This increase was driven by an increase in both Recurring Revenue of 24%, and Non-Recurring Revenue of 5%. Recurring Revenue made up 83.9% of total Public segment revenue for 2021, and 86.1% of total Public segment revenue for 2022.

Public segment includes Real Estate, Public, and Utilities key verticals. The share of revenue of the key verticals has changed substantially within the past few years due to acquisitions. As an example the share of revenue from the public key vertical has decreased from 70% in 2021 to 51% in 2022.

Revenue from the Private segment increased by DKK 186m, or 17%, from DKK 1,114m in 2021, to DKK 1,300m in 2022. This increase was driven by an increase in Recurring Revenue of 23% from 2021 to 2022, and a decrease in Non-Recurring Revenue of 3% from 2021 to 2022. Recurring Revenue made up 75.1% of total Private segment revenue in 2021 and 79.4% of total Private segment revenue in 2022

Revenue distribution on geography & customers

The revenue in EG is distributed across the Nordics, with Denmark and Norway being the largest contributors to EG revenue. In 2022 EG further extended its activities across the Nordics, adding to all geographies in particular with the acquisition of Ørn Software, entering into the Facility Management market and adding business to our Energy management offerings.

Customer concentration has decreased in 2022 due to further diversification across markets and higher share of business in the Private Segment where customer concentration is low.

Cost development

Total Operating cost increased by DKK 140m, or 12%, from DKK 1,211m in 2021, to DKK 1,351m in 2022, amounting to 65.0% of revenue, down 4.0p.p. compared to 2021. The relative decrease in operating cost as % of revenue was supported by the higher share of recurring revenue, slightly offset by additional cost from acquisitions.

The cost of providing services increased by DKK 26m, or 9.6%, from DKK 272m in 2021 to DKK 298m in 2022, amounting to 14.3% of revenue, down 1.2p.p. The decreased relative share of revenue is tied to the growth of

[2)] Public segment is not only public sector customers, but also includes customers in the Utility and Facilty management Verticals the business and was especially supported by the higher share of recurring revenue.

Staff costs increased by DKK 92m, or 12.7%, from DKK 725m in 2021, to DKK 817m in 2022, amounting to 39.3% of revenue, down 2.0p.p. The relative decrease in staff cost as % of revenue was primarily driven by a lower average staff cost per FTE, driven by a focus on creating a more balanced employee profile by working with optimizing the employee mix, and to some degree by the continued shift in our combined professional services contracts, where we also defer staff cost to the subsequent years.

The average number of full-time employees increased by 278 or 20% from 1,360 in 2021 to 1,638 in 2022. The number of FTEs was 1,786 at the end of 2022 compared with 1,518 at the end of 2021, an increase of 268 employees.

Other Operating Income/Expenses increased by DKK 22m, or 10.3%, from DKK 214m in 2021, to DKK 236m in 2022, amounting to 11.4% of revenue, down 0.8pp. The decrease was driven by a continued focus to drive scalability in the business, by utilizing group wide vendor agreements, consolidating offices and in general reducing our external consultancy spend, in turn reducing the overall cost % of revenue.

Earnings performance, EBITDA and adjusted EBITDA

EG's EBITDA was DKK 726m and Adjusted EBITDA was DKK 745m, corresponding to an adjusted EBITDA margin of 35.9%. Compared to 2021 the Adjusted EBITDA increased DKK 169m and the margin increased 3.1pp. The margin expansion is driven by revenue growth in our recurring business and the implementation of the EG Operating Model. The Recurring Revenue Growth increases the share of our high margin recurring business compared to the margins in our non-recurring business, driving up overall margins.

Further, we have again this year optimized our operations through the implementation of the EG Operating Model.

Loss for the year and Adjusted Profit

Consolidated profit for the year amounted to negative DKK 263m. The result is impacted by financial costs, amortisations on acquisitions, impairment of licensing rights, and special items. Impairment of licensing rights are due to a change in the development and implementation strategy in one of the groups many products areas Management has decided to impair the full booked remaining value of an earlier acquired source code. Hence, amortisations are extraordinary impacted by negative DKK 56 million in 2022 (2021: DKK 0 million).

Adjusted Profit for the year amounted to DKK 108m which excludes amortisations from acquisitions, share based payments and special items.

Special items amounted to DKK 169m and included external costs related to acquisitions and Non-Recurring Costs arising from the implementation of the EG Operating Model. We are continuing the investments in the transformation of EG which is related to the implementation and roll-out of the EG Operating Model and the finalisation of the internal restructuring activities.

Balance sheet

Compared with 2021 Intangible assets increased by DKK 781m from DKK 6,097m to DKK 6,878m. Acquisitions added DKK 1,069m to intangible assets and internal development projects added DKK 199m.

Goodwill was DKK 4,327m end 2022 compared with DKK 3,765m end 2021.

The carrying amount of acquired software was DKK 312m compared with DKK 355m at the end of 2021 and the value of customer relationships was DKK 1,616m compared with DKK 1,435m at the end of 2021. The increases were mainly due to acquisitions, offset by amortisations and recognised impairment of licensing rights.

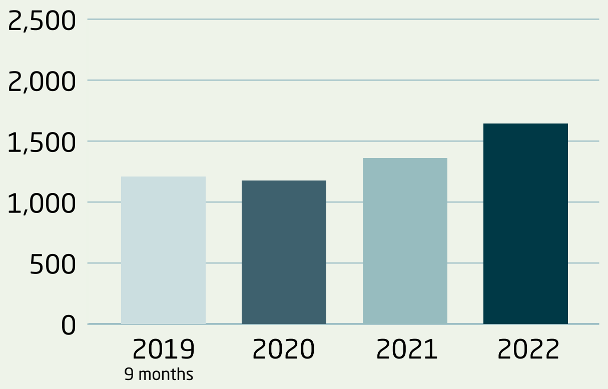
Completed and development projects in progress amounted to DKK 517m end of 2022, up DKK 104m from 2021. EG remains committed to continue investing in its products and expects the investment to follow the ordinary business growth.

Trade and other receivables decreased from DKK 330m end of 2021, to DKK 248m end of 2022, the decrease was mainly caused by a delay of invoicing related to contract assets and is offset by the increase of contract assets. EG's equity amounted to DKK 853m on 31 December 2022. This was a decrease of DKK 300m compared with end 2021. Equity decreased by negative comprehensive income in 2022 DKK 341m. By the beginning of 2022, EG had non-current gross borrowings, excluding capitalised borrowing costs, of DKK 4,110m, and remaining committed facilities of DKK 312m related to our Revolving Credit Facility. During 2022 we have drawn down DKK 1,180m to finance 5 acquisitions. Mid 2022 we increased the committed acquisition facility with an Incremental Facility of EUR 170m. End of 2022 we had non-current gross borrowings of DKK 5,291m. Entering 2023 we have an available committed Incremental Facility with a remaining drawdown capacity of DKK 576m in addition to a liquidity reserve of DKK 205m.

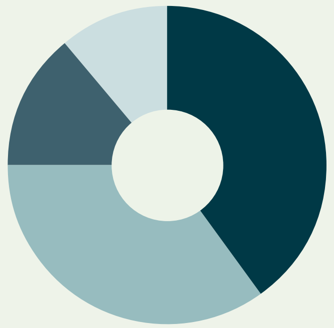
Cash flows

Management considers Adjusted Free Cash Flow as the relevant indicator for EG's underlying cash generation. Adjusted Free Cash Flow was DKK 363m compared with DKK 305m in 2021, an increase of DKK 58m, driven by increase in EBITDA. The

Average number of employees



Revenue rations



- Staff Cost **40%**
- EBITDA **35%**
- Cost of providing services **14%**
- Other Operations expences/Income **11%**

Adjusted Free Cash Flow was positively impacted by improved EBITDA performance of DKK 182m, offset by a negative development in net working capital of DKK 4m compared to 2021.

Cash flows from operating activities generated a net cash inflow of DKK 420m versus DKK 275m in 2021, driven by increase of EBITDA.

There was a net cash outflow of DKK 1,133 m from investing activities compared with DKK 974m in 2021. The higher amount in 2022 was due to DKK 907m used for acquisitions in 2022 compared to 892 in 2021, and an increase of investments in intangible assets and property, plant and equipment of DKK 41m. Purchases of intangible assets and property, plant and equipment were DKK 226m in 2022 compared to DKK 185m in 2021. EG's investments in intangible assets primarily comprised capitalised development cost of DKK 199m, as investment in products and services continued while DKK 27m was invested in tangible assets.

There was a net cash inflow of DKK 718m from financing activities compared with DKK 483m in 2021. The level in 2022 was driven by debt drawdown for the 5 acquisitions made in 2022, offset by interest payments.

Financial expectations and results for 2022

In the 2021 Annual Report, EG announced that the 2022 expectations for revenue growth before additional M&A was 15-20% and Adjusted EBITDA margin would be either on a level or slightly improved compared to the 2021 Adjusted EBITDA margin level of 32.8%. We continued to have momentum in our M&A activities leading to the revenue growth of 18% which was in the upper end of our expectation between 15-20%. With the 7% Organic Growth in Recurring Revenue we delivered above the expectations of 5-6%. EBITDA margin expanded more than the expected "slightly above 2021" due to the higher Organic Growth in Recurring Revenue supported by accelerated margin improvement in the acquisitions made in 2019, 2020 and 2021 and the benefits from the EG Operating Model.

Events after the reporting date

No significant events have occurred after the end of the financial year that affect the 2022 financial statements.

2023 outlook

EG has positive financial expectations for 2023 and predicts a year of continued high growth and strengthening of the company's leading Nordic market position. Overall, double-digit revenue growth in line with the 2022 growth level is expected to be driven by continued growth in subscription-based revenue. Further, it is expected that the reported EBITDA margin will be on the same level as realised in 2022.

Business combinations

EG has not entered into business combinations post the balance sheet date.

Segmental highlights

Private segment

In 2022, we have continued our growth trajectory with a constant focus on our Recurring Revenue across all units. The key elements in achieving this have been delivering new and improved modules and functionality to our existing customers, winning new customers and through pursuing our acquisition strategy. Revenue grew by 17% to DKK 1,300 million while reported EBITDA was DKK 469 million, representing an increase of 26% vs. 2021. Despite COVID-19, the war in Ukraine and issues with rising inflation and energy prices, the Private division has proven the robustness of our Recurring Revenue base which grew organically by 8 % in 2022.

New products and modules

During 2022, we continued to invest in development of new modules and functionality to our customers. Our product roadmaps are created in close co-operation with our customers and industry experts, and in 2022, we have seen the launch of many new modules and new functionality. To name a few examples, we launched a new mobile solutions within the retail market segment and new functionality which enables expansion into the Nordic convenience market. Within the retail market, EG also invested in new solutions specifically targeting the Swedish market and sports retailers with Front Systems. Within Construction we continue to launch new modules and solutions across the Nordics to broaden our value proposition in the market, including a new module developed in co-operation with Norwegian authorities which enables our customers to calculate the CO_2 emission impact of various construction projects.

In ASPECT4 a new planning tool for our customer has been launched, enabling our transportation customers greater flexibility in route planning through a simple drag'n drop feature as well as map overview of transports in progress. In addition, it is now possible to get ASPECT4 to optimize transportation routes, saving kilometers travelled and reducing CO_2. In Building Supply, a new sales app has been developed enabling salespeople to service customers on the floor, including accepting payments from customers on the sales floor. In addition, a new Sales Desk has been developed which significantly optimizes the creation of complex offerings for sales personnel. In Healthcare, we've upgraded our diagnostics management module to secure a more complete view of patient diagnostics as well as increased data quality through validation algorithms. For our EG ProBo solution in EG Housing, we have introduced a solution to handle the process related to

Organic Recurring Revenue Growth
Private

8%

Organic Recurring Revenue Growth
Public

6%

dynamic invoice approvals with custom rules related to invoicing amount, roles, order of approval etc. These rules are today handled manually by the property administrator

Acquisitions

One strategic acquisition was completed during the year within the private segment, adding approximately DKK 32 million in proforma revenues for 2022.

In April 2022, EG acquired **Ajour System A/S,** a Danish software company specializing in SaaS offerings for the construction industry. The acquisition strengthens EG's capabilities related to quality assurance, document management and sharing of building data towards its customers in the construction industry and is a great addition to EG's largest business unit. Ajour System A/S was established in 2009 in Odense, Denmark, and employs 32.

Public segment

The Public segment, which includes our businesses within Public Sector, Utilities and Facility Management, demonstrated strong momentum, growing subscription revenues organically by 6% in 2022. Total growth was 21% compared to 2021, primarily driven by the acquisition of Ørn Software. As a result, Public Sector accounts for a smaller portion of the overall Public segment within EG. The Public segment saw positive organic growth in subscription revenues driven by high levels of upselling and new sales, whereas non-recurring revenues, and professional services in particular, were lower compared to 2021, partly as a result of EG's increased focus on selling SaaS solutions. During 2022, we succeeded in expanding our Public segment across the Nordic region with several products, and especially with solutions from the Utilities vertical, where we saw an increasing demand for EG's energy management software (EMS). Cost levels in general were lower than expected, driven by operational efficiencies achieved through transformation activities initiated in 2021, which had a positive impact on the result. EBITDA in 2022 was DKK 257 million, representing an increase of 50% compared to 2021.

New customers & implementations

For all segments we successfully won new customers in Central Government, Municipalities Regions and private customers with all our applications. The products were implemented during 2022 and we will start to see the benefits coming through in 2023. In addition, we renewed several strategic contracts that where up for renewal which gives us a good foundation for 2023 and onwards.

For the Utility vertical we saw a positive development in Recurring Revenue. Furthermore, the project-based business has been very busy with upgrade and implementation projects on all major product lines. We still see a very active market for both Customer Information System and Energy Management System solutions and expect to see a continuation of this in 2023.

Acquisitions

The Public segment undertook several strategic acquisitions during 2022, further strengthening market positions and expanding EG's addressable market.

UNOIT ApS, a Danish software company offering solutions for handling of public educational guidance for citizens aged 12-24 years for Danish municipalities was acquired in February 2022. The core product of UNOIT offers a support system for primary schools and the municipalities' education advisors. The acquisition complements EG's offering in study management, the EG LUDUS Suite. The company was founded in 2013 in Hvidovre with seven employees.

In May 2022, EG acquired **Vitani Energy Systems A/S,** a Danish software company specialising in energy management solutions. The acquisition increases EG's capabilities in Denmark and confirms EG's commitment to become the leading vendor in the Nordics offering software for sustainability and energy management to help customers improve energy consumption and reduce their operations' impact on the environment. Vitani Energy Systems A/S is headquartered in Viborg, Denmark, with 14 employees.

In June 2022, EG acquired assets and operations from **Dafolo** related to software for digital self-service and case management. The acquisition complements EG's existing portfolio to Danish public sector customers and adds further capabilities to EG's c. 300 employees focusing on serving Danish municipalities with leading SaaS offerings. The relevant Dafolo business operations is located in Frederikshavn, Denmark.

In August 2022, EG acquired **Ørn Software Holding AS,** The transaction marked EG's largest transaction to date and its first acquisition of a publicly listed company. Ørn Software Holding AS is a leading software vendor in real estate and facility management as well as other market segments related to industrial maintenance and quality control. The acquisition significantly strengthens EG's position for industry-specific software across the broader value chain with complementary capabilities and market positions within construction software, real estate management, and energy management, and improves EG's offerings to property managers, operational personnel and tenants as they look to optimise all the processes related to the development and operation of both commercial and residential facilities, including the reduction CO_2 emissions from buildings. Ørn Software Holding AS is headquarted in Trondheim, with 160 employees and business operations in all Nordic countries, including Iceland. The activities of Ørn Software Holding AS is now included as EG Facility Management, a new business unit in the public segment within EG.

Environmental, Social and Governance

As a leading Nordic vertical software company with both public and private customers we have a substantial impact on the world around us.

Customers, employees, investors and society at large depend on EG to balance the interests of all stakeholders. We take our corporate responsibility seriously and it is integrated in the way we make decisions and do business.

EG is committed to the UN Global Compact, and we continuously drive initiatives to ensure that we prioritize UN's sustainable development goals and are transparent about our progress.

As a company, we want to be:
- A climate positive software company
- A diverse and unified world class working place
- An honest, trusted and accountable software company

The following is a brief introduction to EG's ESG activities. For more details on initiatives and objectives regarding environment, social and governance, please read the full ESG Report 2022, which includes progress on the commitment to the UN Global Compact and statutory corporate social responsibility report required under section 99a, 99b and 99d of the Danish Financial Statements Act.

The latest ESG Report can be found at www.eg.dk/esg-report.

Environmental

EG wants to be climate positive by 2030. EG has determined GHG emissions, energy management, climate risk and pollution and waste to be significant topics for our business. In 2022 we have progressed well against our environmental targets.

Key environmental initiatives and achievements in 2022

In 2022 we:

- Acquired Vitani Energy Systems and Ørn Software to expand our portfolio within Energy and Sustainability Management and Facility Management
- Bought 994,928 kWh GHG-neutral and renewable energy for our facilities in Denmark for which we are billed directly
- Implemented our Energy and Sustainability Management System, EG Omega/EG Enerkey at our own facilities
- Implemented EG Worksense to allow employees to reserve desks, optimizing the use of office space
- Accelerated all plans for transforming current energy sources into greener solutions, including solar panels and heat pumps in all relevant office buildings
- Established several partnerships in order to share our knowledge and improve our solutions
- Won the Danish award, 'Energiforum Danmarks Innovationspris 2022' together with Fusebox

Social

EG wants to be a diverse and unified world class working place. EG has determined employee turnover rate, employee health and safety, wage level and equal pay and diversity and inclusion to be significant topics for our business. In 2022 we have progressed well against our social targets.

Key social initiatives and achievements in 2022

In 2022 we:

- Integrated a section around inclusive leadership in our Nordic Leadership training
- Increased awareness of EG Cores Values with an improved score from 7.7 to 8.0
- Established a Global Diversity Committee
- Operationalized our Health & Safety Policy with additional offerings to support stress
- Improved communication and created easy access to offerings within Health & Safety
- Improved terms for maternity / paternity leave with focus on equal rights
- Reached 33% female employees with 31% managers being female
- Hired first female SVP
- Implemented Talent Succession planning as a part of our annual HR processes
- Employee engagement score increased from 7.7 to 7.9
- Increased use of our Volunteer Program which allow employees to take paid time off to volunteer to support social, environmental or health objectives of their own choice during work hours

Corporate governance

EG wants to be an honest, trusted, and accountable software company. EG has determined Transparency and reporting, data privacy, ethics and compliance, human rights, anti-corruption and bribery, corporate governance, and cyber security to be significant topics for our business. In 2022 we have progressed well against our governance targets.

Key governance initiatives and achievements in 2022

In 2022 we:

- Increased our efforts within cybersecurity
- Upgraded our IT security incident management procedures
- Adopted new IT security strategy
- Strengthened our governance by upscaling the IT Security team including a Chief Information Security Officer
- Adopted and implemented Tax Policy
- Linked our ESG performance to executive remuneration
- Adopted and implemented board portal software that enables board members to facilitate meeting management and decision-making processes
- Upgraded efforts on third country transfer of personal data in connection to cloud solutions
- Strengthened the focus on audit of vendors in EG in relation to personal data
- Screened vendors and customers in relations to Russia

EG has a two-tier governance structure consisting of the Board of Directors and the Executive Management.

The two bodies are separate and have no overlapping members. The Board of Directors determines the overall strategy and acts as a sparring partner to the Executive Management, which is responsible for the operational management of EG.

The Executive Management has established a Corporate Management with 10 members, including the Executive Management.

The Board of Directors consists of six members representing broad international business experience and competencies relevant for EG A/S. Three of the members were appointed by the principal shareholder Francisco Partners, three are regarded as independent.

The Board of Directors held six meetings in 2022. The Board of Directors has set up an audit committee, a remuneration & nomination committee, and M&A committee. The purpose of the committees are to prepare decisions to be made by the Board of Directors.

On an annual basis, the Board of Directors conducts an evaluation of the effectiveness, performance, achievements, and competencies of the Board of Directors, including an evaluation of the performance of each individual board member and of the cooperation with the Executive Management.

EG A/S is owned by Francisco Partners.

Board of Directors

Klaus Holse
Chairperson

Personal and educational background
Born 1961. Danish citizen, Graduate Diploma in Business Administration from Copenhagen Business School and a Master of Science in Computer Science from University of Copenhagen.

Career and directorships
Klaus Holse has held the position of Chairperson and member of the Board of Directors of EG A/S since 15 September 2021 as well as in the period from 1 October 2013 until 3 June 2019.

Klaus Holse is currently also Chairperson of the Board of Directors of Zenegy ApS, SuperOffice AS and Tink AB as well as member of the Board of Directors of Better Collective A/S (listed on Nasdaq Stockholm) and Vice Chairman of the Confederation of Danish Industry (DI). In the past five years, Klaus Holse has been Chairperson of the Board of Directors of Delegate A/S, Lessor Group ApS and the Scandinavian ApS. Klaus Holse is currently also an executive officer at Khaboom ApS. In the past five years, Klaus Holse has also been Chief Executive Officer of SIMCORP A/S.

Independence
Regarded as independent.

Petri Oksanen
Vice Chairperson

Personal and educational background
Born 1980, Canadian citizen, B.A.Sc. with Joint Honours in Computer Engineering and Economics with Distinction from the University of Waterloo.

Career and directorships
Vice Chairperson and member of the Board of Directors since 26 November 2021. Petri Oksanen has held the position of executive officer of the Company from 2 April 2019 until 26 November 2021.

Petri Oksanen is currently also Chairperson of the Board of Directors of Keyloop (UK) Ltd. as well as member of the Board of Directors of nShift Group AS, Veson Nautical and Vendavo Inc. In the past five years, Petri Oksanen has been the Chairperson of the Board of Directors of Vendavo Inc. and Consignor AS as well as member of the Board of Directors of Plex Systems, Inc., ByBox Holdings Ltd., Prometheus Group LLC and ClickSoftware Technologies. Petri Oksanen is a partner with Francisco Partners and prior to joining Francisco Partners worked at Morgan Stanley in their Technology Investment Banking group in Menlo Park, California.

Independence
Not regarded as independent.

Quentin Lathuille
Board member

Personal and educational background
Born 1990, French Citizen, Master of Science in Business Administration and Finance from ESCP-Europe, Paris and a Master of Science in Engineering from Centrale Supélec, Paris.

Career and directorships
Member of the Board of Directors since 26 November 2021. Quentin Lathuille has held the position of member of the Board of Directors of EG A/S since 3 June 2019.

Quentin Lathuille is currently also member of the Board of Directors of Keyloop Ltd., Veson Nautical and SintecMedia Ltd. (d/b/a Operative). In the past five years, Quentin Lathuille has been member of the Board of Directors of BluJay Solutions Ltd. Quentin Lathuille is also a Vice President at Francisco Partners. Prior to joining Franscisco Partners, Quentin Lathuille was part of Morgan Stanley's Investment Banking Division in London, with a focus on the Technology sector.

Independence
Not regarded as independent.

Michael William Barry

Board member

Personal and educational background

Born 1957, US Citizen, Michael Barry holds a Bachelor of Science in Electrical Engineering from the University of Texas, Austin.

Career and directorships

Member of the Board of Directors since 26 November 2021. Michael Barry has held the position of member of the Board of Directors of EG A/S since 1 June 2020.

Michael Barry is currently also member of the Board of Directors of Keyloop Ltd. and Senegal Ventures, LLC (d/b/a Senegal Software). Michael Barry is a senior operating partner with Francisco Partners Consulting, which provides operational consulting services to the funds managed by Francisco Partners and their portfolio companies. Prior to that, Michael Barry was Executive Vice President of R&D and Product Management at Aderant. In the past five years, Michael Barry has been Chief Technology Officer of Renaissance Learning, Inc., Operative (a part of Sintec Media NYC, Inc.), Chief Executive Officer of Optanix, Inc. and Chief Technology Officer Cloud R&D, Gateways and Cloud Operations of Verifone, Inc.

Independence

Not regarded as independent.

Jane Wiis

Board member

Personal and educational background

Born 1964, Danish Citizen, Master of Science in Political Science from Aarhus University.

Career and directorships

Member of the Board of Directors since 26 November 2021. Jane Wiis has held the position of member of the Board of Directors of EG A/S since 1 June 2020.

Jane Wiis is currently also member of the Board of Directors of Andel Lumen A/S. Jane Wiis is also the Chief Executive Officer of DBC Digital A/S. In the past five years, Jane Wiis has been the Chief Executive Officer of Slagelse Kommune and Professional Director of the National Association of Local Authorities in Denmark (Kommunernes Landsforening).

Independence

Regarded as independent.

Carsten Nygaard Knudsen

Board member

Personal and educational background

Born 1961, Danish Citizen, Graduate in Business Administration from Aarhus School of Business and an MBA from IESE Business School, Barcelona.

Career and directorships

Member of the Board of Directors since 26 November 2021. Carsten Knudsen has held the position of member of the Board of Directors of EG A/S since 2 September 2019.

Carsten Knudsen is currently also Chairperson of the Board of Directors of Titan Containers A/S, Titan Storage Solutions A/S, M&J Danmark A/S og M&J Recycling Group ApS. In the past five years, Carsten Knudsen has been Chairperson of the Board of Directors of Stibo DX A/S, Stibo Complete A/S, Stibo Systems A/S, Stibo Graphic A/S, Glunz & Jensen A/S, Glunz & Jensen Holding A/S (listed on Nasdaq Copenhagen), Tresu Investment Holding A/S, Tresu Group Holding A/S, Color Print A/S, Black Topco ApS, Dane Topco ApS and Selandia Park A/S.

Independence

Regarded as independent.

Poul Ejner Rabjerg
Board Employee Representative

Career and directorships

Solution Architect
Employed since 1988

Lone Nedergaard-Jensen
Board Employee Representative

Career and directorships

Order Delivery Process and Onboarding Lead
Employed since 2016

Stein Rustad
Board Employee Representative

Career and directorships

Enterprise Architect
Employed since 2005

Executive Management

Mikkel Bardram
Chief Executive Officer

Employed since 2016
Present position held since 2016

Personal and educational background
Born 1976. Danish citizen. Mikkel Bardram holds a Master of Science in International Marketing and Management from Copenhagen Business School.

Career and directorships
Member of the Executive Board of the company since 26 November 2021. Mikkel Bardram has held the position of Chief Executive Officer in EG A/S since 1 November 2016. Mikkel Bardram does not hold any positions as member of a Board of Directors outside of EG.

Prior to EG, Mikkel was CEO of Satair Group SAS, where he worked in different roles over 10 years. He has also worked as a management consultant with McKinsey & Company and as a SAP consultant with IBM Global Services and in Novozymes IT.

Henrik Hansen
Chief Financial Officer

Employed since 2018
Present position held since 2018

Personal and educational background
Born 1974. Danish citizen. Henrik Hansen holds a Master of Science in Finance and Accounting from Copenhagen Business School.

Career and directorships
Member of the Executive Board of the company since 26 November 2021. Henrik Hansen has held the position of Chief Financial Officer in EG A/S since 1 January 2018.

Prior to EG, Henrik was Group CFO with Icopal Group where he worked 11 years. Henrik was at Icopal also expatriated for more than four years as Regional CFO in Germany before joining the Icopal Executive Management team. Previous to Icopal, Henrik held finance position within Treasury Management at TDC and the Supply Chain area at Novozymes.

Corporate Management

Includes Executive Management

Michael Moyell Juel
Executive Vice President, EG Private

Born 1974
Employed since 2022
Present position held since 2022

Erik Tomren
Executive Vice President, EG Private

Born 1975
Employed since 2019
Present position held since 2019

Johnny Iversen
Executive Vice President, EG Public

Born 1974
Employed since 2012
Present position held since 2017

Allan Bech
CTO

Born 1977
Employed since 2012
Present position held since 2019

Mikkel Bardram
CEO

Born 1976
Employed since 2016
Present position held since 2016

Henrik Hansen
CFO

Born 1974
Employed since 2018
Present position held since 2018

Tina Bodin
Head of HR

Born 1972
Employed since 2000
Present position held since 2005

Jacob Buchardt
Head of Corporate PMO

Born 1976
Employed since 2017
Present position held since 2017

Nina Maj Fjordvald
Head of Marketing & Communications

Born 1981
Employed since 2019
Present position held since 2019

Björn Martinsson
Head of Corporate Strategy & M&A

Born 1972
Employed since 2020
Present position held since 2020

Risk Management

As risks are an inherent part of our strategy implementation and business activities, our efforts in proactively identifying risk factors and related mitigating actions, plays a key role in achieving our strategic goals, business performance, and environmental, social and governance (ESG) priorities.

Our approach to risk management requires a broad understanding of internal and external factors that can impact achievement of strategic and business objectives, and the risk process is therefore considered an integral part of the day-to-day work and a way of ensuring stable and reliable growth.

At EG, risk management consists of an integrated three-phased working procedure;

- identifying risks in both internal and external environments;
- assessing risks in terms of likelihood and strategic, financial and operational impact;
- plan and execute mitigating actions;

For financial risk refer to note 3.4. Financial risk management.

Emerging changes

Description:

The Nordic market for vertical software is exposed to rapid technological change, frequent new product introductions, changing customer requirements, evolving industry standards and regulatory changes. EG is subject to risks of not being able to continuously develop and implement software solutions that address the rapidly evolving market for industry specific software solutions.

Mitigation:

To mitigate the risk, EG is constantly monitoring emerging and evolving trends in industry standards and technological solutions, as well as new laws and regulations that it has to comply with. EG has implemented a central R&D function ensuring best practice processes across the organisation so we can be certain that, through state-of-the-art software products and industry solutions, we can deliver the latest technologies to our customers and meet their demands and requirements. The best practice processes also include continuous training of employees' technical skills and mindset.

Further, we address these risks through our decentralized product roadmaps, annual investment plans, and continuously follow up on R&D investments. We have monthly reporting procedures in place, where product investments are monitored. Our business unit management has full mandate to prioritise the final product roadmaps, which ensures the right link to customer needs.

IT systems and cyber threats

Description:

In order to operate its business and to serve its customers, EG must maintain continuous IT and data centre operations to host both EG's internal IT systems, as well as the software solutions delivered to customers. Damage or interruption to the IT systems from various external factors, such as power failure, fire and cyber threats, are a risk to EG. In particular, cyber threats present a risk of attacks in which hackers gain access to systems or data with the intention of locking, harming, destroying or collecting sensitive data. This could lead to interruptions, delays or shutdowns, potentially causing harm to EG.

Mitigation:

EG constantly seeks to improve its IT security setup to ensure that a high level of security is maintained at all times. EG has invested in a central security team to provide overview of the IT systems landscape with a vulnerability scan system followed by a response team and plan which is able to respond to cyberattacks.

EG has focus on employee training addressing risk awareness, extended use of multi-factor logon solution and secured back-ups in place. Further, EG also conducts security scanning and assessments of the security systems of strategic vendors and acquisition targets.

People and talent risks

Description:

A prerequisite for continued growth is ongoing development of new solutions that require appropriate professional skills. In the IT industry, competition with respect to attracting the right skills and a lack of qualified applicants represents a risk factor. The competition challenges our ability to attract and retain employees at commercially favourable terms, leading to pressure on salaries, which is EG's single largest expense category.

Mitigation:

In order to attract and retain employees, EG remains focused on employee well-being and satisfaction supported by flexibility of work location and other benefits. Further supported by regular performance interviews and employee survey three times yearly.

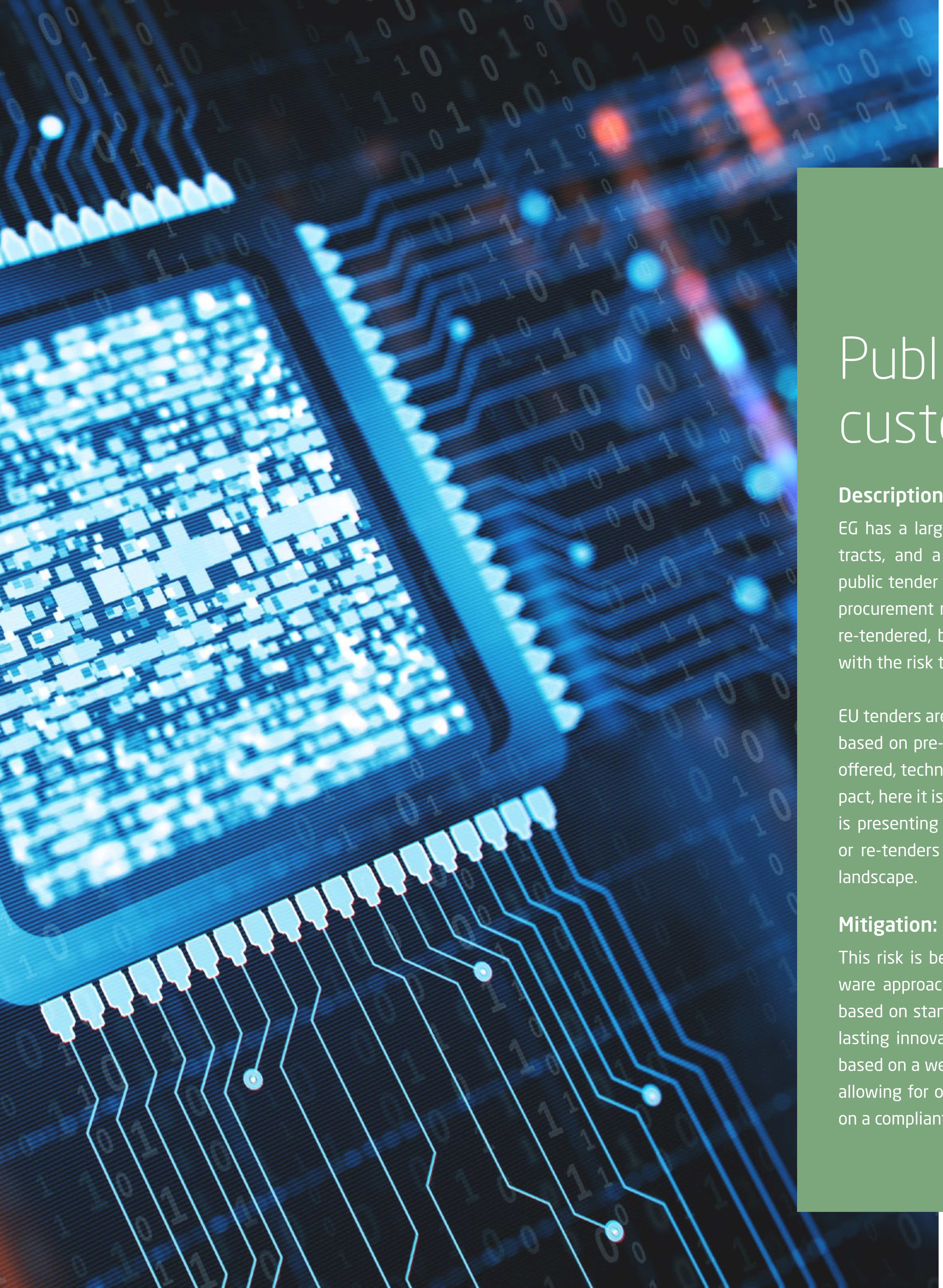
Successfully continuing our M&A strategy

Description:

In accordance with its strategy, EG has a proven track record of strategic acquisitions and software investment. However, there is no assurance that EG will continue to be able to identify suitable targets for acquisitions, or for the price to be commercially favorable. The competition to successfully find strategically attractive targets in the Nordic region is intense and is expected to remain so in the future. If the M&A strategy is to be successful, EG must be able to raise cash to finance its capital needs. This could lead to additional debt and interest costs, presenting the risk of not being able to finance the acquisitions on favorable terms. Further EG is exposed to risks when integrating acquisitions and investments into the organisation and EG's Operating Model in order to realise the expected synergies.

Mitigation:

These risks are mitigated by engaging in-house-professional skills and external advisers.



Public sector customers

Description:

EG has a large share of public-sector customer contracts, and a majority of those are subject to EU public tender regulation, which entails that EU public procurement rules apply, resulting in contracts being re-tendered, based on a pre-defined contract period, with the risk that we do not re-win the contracts.

EU tenders are typically evaluated by awarding points based on pre-published criteria, for example on price offered, technical characteristics or environmental impact, here it is not only the internal abilities of EG that is presenting the risk of not being able to win new or re-tenders of contracts, but also the competitive landscape.

Mitigation:

This risk is being mitigated by our verticalized software approach, where the solutions we deliver, are based on standardized components, benefitting from lasting innovation, enabling a faster time-to-market, based on a well-tested setup from other installations, allowing for our clients to operate with full integrity, on a compliant and stable backbone at a lower cost.

Macroeconomic uncertainty

Description:

The economic outlook for 2023 remains uncertain. Whilst our business is resilient with a high proportion of recurring revenues from well diversified end customers and relatively stable markets in the Nordic region, we continue to closely monitor our key macro risks:

Inflation: driving up our operating costs, particularly in relation to wages and supplier costs, creating a time lag between revenues and costs before cost and sales prices have been adjusted accordingly;

Cost of funding: higher interest rates, adding to higher cost of funding for our current outstanding debt as well as for potential new debt financing new acquisitions; and

Cyclicality in construction / building materials sectors: increased level of bankruptcies and project delays in capital intensive industries, such as construction where EG has exposure through EG Construction and EG Building Supply. These macro risks may lead to higher than expected costs and churn for our business.

Mitigation:

We will seek to mitigate any such costs with internal business adjustments, though typically with some time lag, which therefore may impact our profitability temporarily. Further, we are also mitigating cyclicality through our very diversified product portfolio, which has proven to be very resilient to economic down-turn, such as in Covid-19 lock downs.

Financial statements

Contents

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

DKK million	Note	2022	2021
Revenue	1.2	**2,077**	**1,755**
Costs of providing services		298	272
Staff costs	1.6	817	725
Other operating expenses		256	241
Other operating income		20	27
EBITDA		**726**	**544**
Depreciation, amortisation and impairment		230	155
Acquisition related amortisations		234	205
Special items	2.5	169	199
EBIT		**93**	**(15)**
Finance income	3.3	32	0
Finance costs	3.3	395	292
Profit/(Loss) before tax		**(270)**	**(307)**
Income tax	1.8	7	0
Profit/(Loss) from continuing operations		**(263)**	**(307)**
Profit from discontinued operations	2.2	0	68
Profit/(Loss) for the year		**(263)**	**(239)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign subsidiaries		(78)	31
Other comprehensive income		**(78)**	**31**
Total comprehensive income for the year, net of tax		**(341)**	**(208)**

Consolidated balance sheet

DKK million	Note	2022	2021
ASSETS			
Intangible assets	2.3	6,878	6,097
Property, plant and equipment	2.4	33	25
Right-of-use assets	2.4	142	123
Deferred tax assets	1.9	29	7
Other non-current financial assets		1	0
Non-current assets		**7,083**	**6,252**
Inventory		11	12
Trade and other receivables	1.4	248	330
Contract assets	1.3	136	76
Prepayments		42	34
Cash and cash equivalents	3.2	64	78
Current assets		**501**	**530**
Total assets		**7,584**	**6,782**
EQUITY AND LIABILITIES			
Share capital	3.1	50	50
Translation reserve		(61)	17
Retained earnings		864	1,108
Total equity		**853**	**1,175**
Deferred tax liabilities	1.9	471	451
Borrowings	3.2	5,186	4,051
Lease liabilities	3.2	111	95
Other non-current liabilities	4.4	49	0
Non-current liabilities		**5,817**	**4,597**
Bank loans	3.2	109	128
Lease liabilities	3.2	44	39
Contract liabilities	1.3	80	51
Trade and other payables		141	182
Payables to group companies		42	41
Income tax		41	54
Other liabilities	4.4	353	377
Deferred income	1.5	104	121
Liabilities relating to assets held for sale	2.2	0	17
Current liabilities		**914**	**1,010**
Equity and liabilities		**7,584**	**6,782**

Consolidated statement of changes in equity

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2022	**50**	**17**	**1,108**	**1,175**
Total comprehensive income for the year	**0**	**(78)**	**(263)**	**(341)**
Share-based payment	0	0	19	19
Transaction with owners	**0**	**0**	**19**	**19**
Equity at 31 December 2022	**50**	**(61)**	**864**	**853**

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2021	**0**	**(14)**	**1,293**	**1,279**
Change of interpretation of accounting policy	0	0	(15)	(15)
Adjustments to prior year	0	0	58	58
New equity at 1 January 2021	**0**	**(14)**	**1,336**	**1,322**
Total comprehensive income for the year	**0**	**31**	**(239)**	**(208)**
Group contribution	0	0	29	29
Capital increase	50	0	(50)	0
Share-based payment	0	0	32	32
Transaction with owners	**50**	**0**	**11**	**61**
Equity at 31 December 2021	**50**	**17**	**1,108**	**1,175**

Consolidated statement of cash flows

For the year ended 31 December 2022

DKK million	Note	2022	2021
Cash flow from operating activities			
EBITDA		726	544
Adjustments	4.6	(150)	(169)
Change in working capital	4.5	(92)	(88)
Income tax paid		(64)	(12)
Cash flow from operating activities, continuing operations		**420**	**275**
Cash flow from operating activities, discontinued operations	2.2	**0**	**2**
Cash flow from investing activities			
Purchase of intangible assets and property, plant and equipment		(226)	(185)
Acquisitions	2.1	(907)	(892)
Cash flow from investing activities, continuing operations		**(1,133)**	**(1,077)**
Cash flow from investing activities, discontinued operations	2.2	**0**	**103**
Cash flow from financing activities			
Proceeds from non-current borrowings		1,129	758
Interest paid		(368)	(264)
Repayment of lease liabilities		(43)	(40)
Group contributions		0	29
Cash flow from financing activities, continuing operations		**718**	**483**
Cash flow from financing activities, discontinued operations	2.2	**0**	**0**
Change in cash flow for the year		5	(214)
Cash and cash equivalents at 1 January		(50)	164
Effects of exchange rate changes of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December, continuing operations		**(45)**	**(50)**
Cash and cash equivalents at 31 December, discontinued operations		**0**	**0**

There has been a non-cash movement in financing activity amounting to DKK 0 million, regarding acquisitions.

§ Accounting policy

The consolidated cash flow statement is presented according to the indirect method and shows the changes in cash and cash equivalents for the year, broken down by operating, investing, and financing activities, as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from acquisitions and divestments of businesses are shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired businesses from the date of acquisition and cash flows from divested businesses until the time of divestment.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average monthly exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates. In the latter case, the actual daily exchange rates are used.

The statement of cash flows cannot be derived solely from the published financial information.

Cash flows from operating activities

Cash flows from operating activities are calculated as EBITDA adjusted for non-cash operating items and special items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of intangible assets, property, plant, and equipment, and non-current financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of share capital, (purchase and sale of treasury shares), the proceeds and repayment of long-term debt, interest and similar financing costs received and paid, and dividends distributed to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash, securities with a term to maturity of less than three months at the time of acquisition which can readily be converted into cash and are only subject to an insignificant risk of value changes as well as amounts owed to financial institutions.

Section 1

Operating activities and tax

This section provides information related to EG's operating activities and tax.

In this section:

Note 1.1 – Segment information

Description of segments and principal activities

EG is one of the leading vendors in the Nordic vertical software market. EG's revenue arises primarily from subscription income (SaaS), sales of licences of EG's own software and related configuration and installation services. Operations are generally managed and organised based on divisions and business units. For segment reporting purpose, divisions have been identified based on aggregating business units that share similar characteristics in terms of both long-term financial performance and nature. In terms of the nature of products and services, similarities are reflected in revenue where subscription revenue constitutes more than 75 % in both of the aggregated divisions, Public and Private respectively, where Private comprises two aggregated operational segments. In addition, the aggregated divisions provide industry-specific software solutions for niche markets in which they both are one of the market leaders in the respective industries they serve.

In terms of development processes, the aggregated divisions are working based on a next generation agile framework for software development. Also, the aggregated divisions have similar delivery models to customers with cloud-based subscription solutions.

Finally, the aggregated divisions provide solutions for different types of private customers. Based on the internal structure and reporting, the Executive Management considers the two divisions Public and Private to be EG's operating segments. Executive Management governs on divisional level which is why these are considered EG's operating segments.

EBITDA as profit measure

EG uses earnings before interest, tax, depreciation, amortization, and special items (EBITDA) to assess the performance of the operating segments. Therefore, EBITDA is used as the profit measure. EBITDA excludes discontinued operations.

DKK million	2022	2021
Public	257	171
Private	469	373
EBITDA	**726**	**544**

Reconciliation to profit before tax

DKK million	2022	2021
EBITDA	726	544
Depreciation, amortisation and impairment	(230)	(155)
Acquisition-related amortisations	(234)	(205)
Special items	(169)	(199)
Finance costs, net	(363)	(292)
Profit before tax from continuing operations	**(270)**	**(307)**

Non-current assets

The total of non-current assets other than financial instruments by location of assets, is shown below:

DKK million	2022	2021
Denmark (country of domicile)	4,949	4,864
Sweden	183	198
Norway	1,476	727
Finland	468	447
Other	7	16
Total	**7,083**	**6,252**

§ Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management. As a private equity controlled company, the Board plays a significant role in the operating decisions of EG. Consequently, the chief operating decision maker is considered to consist of the Board of Directors in combination with the Executive Management.

The accounting policies of the reported segments are the same as EG's accounting policies described throughout the notes. Segment reporting is prepared in accordance with EG's internal management and reporting structure. Revenue from transactions with other operating segments is considered insignificant and thus not disclosed separately. Special items are managed and disclosed at group level. Information about depreciations, amortisations, income taxes, assets, liabilities, and additions to assets by segment are not provided in the reporting to the chief operating decision maker and thus not disclosed.

Note 1.2 – Revenue

Disaggregation of revenue from contracts with customers

EG derives revenue from the transfer of services and goods to the following revenue streams.

DKK million	Private	Public	Total
2022			
Recurring	1,032	669	1,701
Non-recurring	268	108	376
Revenue	**1,300**	**777**	**2,077**
EBITDA	**469**	**257**	**726**
2021			
Recurring	837	538	1,375
Non-recurring	277	103	380
Revenue	**1,114**	**641**	**1,755**
EBITDA	**373**	**171**	**544**

Recurring revenue comprise subscription income supplied as a Software as a Service (SaaS) solution, maintenance and hotline subscriptions and payroll services. Unspecified future upgrades, maintenance and helpline support are considered as a single performance obligation. Non-Recurring Revenue comprise product sales of software and hardware, and sale of consultancy and development services. EG's revenue is derived over time, except for an insignificant part of non-recurring revenue.

Revenue type	Revenue stream
Subscription income	Recurring
Sales of proprietary software licenses and related services	Non-recurring
Sales of external software and related services	Non-recurring
Sales of hardware	Non-recurring
Sales of consultancy and development services	Non-recurring

Outstanding performance obligations

Future cashflow is positively affected by several multi-year contracts. The outstanding performance obligations resulting from these contracts amounted to DKK 198 million as of 31 December 2022 (2021: DKK 350 million). The average contract performance period is estimated at at 2 years, and the maximum remaining term is 8 years.

Management expects that 37% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 will be recognised as revenue in 2023. The amount disclosed does not include variable consideration.

As permitted under IFRS 15, the transaction price related to short-term contracts (term of 12 months or less) is not included in the outstanding performance obligation.

Of the total contract liabilities of DKK 51 million in 2021 (2021: DKK 24 million), DKK 34 million has been recognised as revenue in 2022 (2021: DKK 24 million).

Revenue

Revenue from external customers, broken down by location of the customers, is shown below:

DKK million	2022	2021
Denmark	1,142	1,119
Norway	489	418
Sweden	199	137
Finland	185	45
Other	62	36
Total	**2,077**	**1,755**

§ Significant accounting estimates

Determining revenue for completion of implementation projects recognised over time

Revenue for completion of implementation projects are recognised based on percentage of completion unless client acceptance is required. The percentage-of-completion method requires estimation of total revenue and the stage of completion. The assumptions, estimates and uncertainties inherent in determining the stage of completion affect the timing and amounts of revenue recognised.

Changes in estimates of progress towards completion and of contract revenue and costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

Where EG stands ready to provide professional services, revenue is recognised based on time elapsed - ratably over the period applicable.

Judgement is applied in determining which method to use. All the judgements and estimates mentioned above can significantly impact the timing and amount of revenue to be recognised.

Note 1.2 – Revenue (continued)

§ Accounting policy

EG's revenue arises from subscription income, sales of licences of EG's own software and related configuration and installation services, external software and sales of hardware, and consultancy services.

Revenue is recognised when the customer has access to use the software or the hardware has been delivered and accepted, i.e. at a point in time or when services are provided, or over time.

The input method is used to measure progress towards complete satisfaction of service provided over time due to the direct relationship between labour hours spent and cost incurred, and the transfer of services to the customer. The total number of hours expected to be spent on each project is re-estimated on a regular basis.

The transaction price

EG considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction's price needs to be allocated. EG does not enter into sales agreements with a credit term of more than 12 months.

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised as revenue.

Recurring revenue

The recurring revenue stream comprises subscription income derived from industry software supplied as a Software as a Service (SaaS) solutions, Hardware as a Service (HaaS) solutions, maintenance and hotline subscriptions, and payroll services. Unspecified future upgrades, maintenance, and helpline support are considered as a single performance obligation.

Revenue from subscription is recognised straight line over the term of the contract. Payments from customers for work required to commence delivery to the customer under a payroll administration agreement are considered a part of the total payment and recognised over the period during which the payroll administration services are provided. Costs incurred for such activities are capitalised and amortised on a straight-line basis over the contract term.

Non-recurring revenue

Non-recurring revenue streams comprise;

- sales of proprietary software licenses and related services, where revenue is recognised when the customer has been given access to use the system.
- sales of external software and related services, from which derived revenue relates to sales of licences of standard software solutions with added EG features or configuration and installation services. The installation is simple and can be performed by other parties. Thus, revenue from configuration and installation services is recognised as a separate performance obligation. The transaction price is allocated to each performance obligation based on the stand-alone selling price. Revenue from software licences is recognised when the customer has access to use the licence and accepted the delivery of hardware;
- sales of hardware, where revenue is recognised when control has transferred to the customer; and
- sales of consultancy and development services, where revenue is recognised as the services are provided, usually on a linear basis over the term of the contract. The production method based on the labour hours spent is applied to measure the recognisable revenue.

Note 1.3 – Contract assets and liabilities

EG's contract balances are as follows:

DKK million	2022	2021
Contracts recognised over time	40	28
Costs to fulfil contracts	96	48
Contract assets	**136**	**76**
Prepayments from customers	(80)	(51)
Contract liabilities	**(80)**	**(51)**

§ Accounting policy

EG initially recognises contract assets for either;

- revenue, when EG provides custom development or consultancy to customers; or
- cost, when EG develops custom software or implementation of software, not to be transferred to the customer, in combination with another revenue stream from the customer (combined contract).

Contract liabilities are initially recognised when either;

- a payment has been received or a payment is due (whichever is earlier) from customers before EG transfers the related services; or
- a payment has been received or a payment is due (whichever is earlier) relating to custom software or implementation of software, in combination with another revenue stream (combined contract).

Costs that relate to satisfied performance obligations are expensed as incurred.

Note 1.4 – Trade receivables, other receivables and credit risk

DKK million	2022	2021
Gross carrying amount	212	287
Loss allowance	(8)	(9)
Trade receivables	**204**	**278**
Deposits	14	11
Other receivables	30	41
Other receivables	**44**	**52**
Trade and other receivables	**248**	**330**

Exposure to credit risk

Credit risk is managed on a group basis. EG's trade receivables are from public customers and private companies that pose no greater risk than that normally associated with the granting of credit. Credit assessments are carried out for new customers and customers that have had difficulty settling their payment obligations. The credit risk on trade receivables and contract assets are assessed regularly through analysis of customer type, country, and specific conditions. The maximum credit risk exposure to trade and other receivables is shown above. EG's loss allowances at 31 December 2022 related solely to trade receivables.

Loss allowance for trade receivables and contract assets

DKK million	2022	2021
Loss allowance 1 January	(9)	(6)
Write-off	6	3
Increase	(5)	(6)
Loss allowance at 31 December	**(8)**	**(9)**

Provisions for the completion of projects are not included in trade receivables but are provided for separately and deducted from the gross value of contract assets.

DKK million	Current	0 - 30 days	31 - 90 days	> 90 days	Total
2022					
Gross carrying amount of trade receivables	154	31	17	10	212
Loss allowance	0	(1)	0	(7)	(8)
Carrying amount	**154**	**30**	**17**	**3**	**204**
2021					
Gross carrying amount of trade receivables	174	81	13	19	287
Loss allowance	0	0	0	(9)	(9)
Carrying amount	**174**	**81**	**13**	**10**	**278**

§ Accounting policy

Trade and other receivables are recognised initially at transaction price (i.e. for trade receivables typically the invoiced amount) and subsequently measured at amortised cost less loss allowance for expected credit losses using the effective interest method.

EG applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a representative period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current expected trends on macroeconomic factors affecting the ability of the customers to settle the outstanding amounts.

Trade receivables are generally derecognised if they are past due more than 60 days or when there is no reasonable expectation of recovery. Indicators showing there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with EG.

Allowance for losses is presented as operating profit. Subsequent recoveries of amounts previously derecognised are credited against the same line item.

Note 1.5 – Deferred income

DKK million	2022	2021
Accrued customer payments	104	121
Total	**104**	**121**

§ Accounting policy

Deferred income comprises payments received from customers related to subscription income for subsequent years.

Deferred income is measured at cost and amortised over the term of the contract, usually 0-2 years.

Note 1.6 – Staff costs and remuneration to key management personnel

DKK million	2022	2021
Average number of employees	1,638	1,360
Wages and salaries	789	655
Defined contribution plans	64	52
Performance-based bonus	43	48
Share-based payments	19	32
Other social security costs	66	47
Staff costs before capitalisation	**981**	**834**
Work carried out for own account and capitalised	(164)	(109)
Total	**817**	**725**

Defined contribution plans

EG only operates defined contribution pension plans where contributions are paid to private administered pension plans. Once the contribution has been paid, EG has no further payment obligation. Non-monetary benefits comprise company car, IT equipment, health insurance, phone, and internet.

Performance-based bonus

Members of the Executive Management and other executives participate in a performance-based bonus programme subject to achievement of certain financial KPIs, i.e. EBTIDA, revenue development and ESG targets.

Share-based payments

To attract and retain Executive Management members and other executives, EG has an equity-settled incentive programme, cf. note 1.7 – Share-based payments

Key management personnel

Members of the Board of Directors and the Executive Management have authority and responsibility for planning, implementing, and controlling EG's activities and constitute EG's key management personnel.

Remuneration to Key management personnel

The members of the Board of Directors are remunerated with an annual fixed fee. Remuneration to the members of the Board of Directors and Executive Management of EG is presented below. The Board of Directors and Executive Management in EG A/S was not solely remunerated in EG A/S. The remuneration to the Board of Directors and the Executive Management of EG A/S incurred by EG is represented below. Members of the Executive Management are remunerated through a combination of salaries, performance-based bonus plans, warrants, pensions, and non-monetary benefits. Members of the Executive Management have an extended term of notice of six months and are entitled to severance pay for twelve months.

DKK million	2022	2021
Wages and salaries	8	8
Defined contribution plans	1	1
Share-based payments	5	11
Total	**14**	**20**
Hereof:		
Executive Management	9	14
Board of Directors	5	6

§ Accounting policy

Staff costs are recognised in the year during which the employees performed the related work.

EG initially recognises a liability and an expense for bonuses when the related work is performed.

Contributions to defined contribution plans are recognised in staff costs when the related service is provided, and contributions payable are recognised in other liabilities.

Note 1.7 – Share-based payments

To attract and retain Executive Management members and other executives, they are offered compensation based on their competences, job functions and value creation, as is the case in peer companies. A group of executives has been given the opportunity to participate in a share programme in the ultimate Parent Company Lancelot UK Holdco Ltd. aimed at aligning the Executive Management's and shareholders' short- and long-term interests. In addition, a group of managers participate in a warrant programme.

Warrant programme

The warrant programme is an equity-settled programme established in June 2019. The vesting period is up to 48 months starting from the grant date. The programme comprises 17,588,455 (2021: 15,458,066) time-vesting warrants and 10,806,640 (2021: 10,806,640) performance-vesting warrants. The time-vesting programme will vest if the employee remains with the company. The performance-vesting programme is subject to vesting based on value achieved by the investor upon exit. The minimum required return on investment shall be more than a multiple of 2x invested value to achieve payout. Upon exit the maximum payout is achieved at a multiple of 3x invested value.

Fair value of warrants granted

The total number of warrants granted in 2022 was 2.2 million (2021: 3.2 million). The total number of warrants granted to executive management in 2022 was 0 million (2021: 0.6 million)

The total fair value of warrants granted in 2022 was DKK 8.7 million (2021: DKK 37.1 million).

The valuation is based on the following assumptions at the time of grant:

- Expected volatility: 57.0 % (2021: 65.0 %) (based on a peer group analysis)
- Risk-free interest rate: 1.01 % (2021: (0.54) %)
- Market value at issue date:
  - Performance warrants: no warrants issued (2021: DKK 10.16)
  - Time warrants: DKK 6.42 (2021: DKK 11.73)
- Exercise price: DKK 11.80 – 35.00 (2021: DKK 10.73 – 35.00)
- Term to expiry: 1.75 years (2021: 2.75 years)
- The majority of the time-share programme vest 25 % (2021: 25 %) of the first anniversary, and 2.083 % (2021: 2.083 %) monthly thereafter, and a part of the time-share programme vest 2.083 % monthly (2021: 2.083 %)

Recognised in the profit or loss

Total expenses arising from share-based payments during 2021 as part of staff costs were DKK 18.7 million (2021: DKK 31.9 million), hereof DKK 0 million (2021: DKK 0 million) recognised in EG A/S.

Number of granted warrants:

1 January 2022	26,264,706
Forfeited	(49,062)
Granted	2,179,449
Exercised	0
31 December 2022	**28,395,093**
1 January 2021	23,295,267
Forfeited	(228,231)
Granted	3,197,670
Exercised	0
31 December 2021	**26,264,706**

As per 31 December 2022, a total of 10,992,926 time vesting warrants have vested. (2021: a total of 7,203,077).

§ Accounting policy

The fair value of warrants granted under the warrant programme is recognised as staff costs, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted;

- including any market performance conditions (e.g. EG's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of time-vesting warrants is determined using a Black-Scholes valuation model and for performance-vesting warrants the fair value is determined using a monte carlo simulation based on Geometric Brownian Motion (GBM) assumption for future distribution of prices (lognormal, returns are normally distributed) at a sample size of 200,000.

§ Significant accounting estimates

Management makes estimates of the fair value. The fair values of time-vesting and performance-vesting warrants are determined using the methodology set out in the accounting policy by using known models and simulations to estimate the fair value.

Note 1.8 – Income tax

DKK million	2022	2021
Current tax on profit for the year	(44)	(51)
Prior-year adjustment	(1)	(2)
Prior-year adjustment deferred tax	2	(2)
Adjustment of deferred tax	50	55
Tax on profit for the year	**7**	**0**
Effective tax rate for the year (%)		
Income tax rate in Denmark	22%	22%
Difference between Danish and foreign tax rates	0%	0%
Tax on profit for the year	**22%**	**22%**
Other permanent items including limitation of interest deductibility	(19)%	(22)%
Valuation allowance	0%	0%
Effective tax rate for the year	**3%**	**0%**
Profit before tax	(270)	(307)
Effective tax rate	3%	0%
Tax income	7	0
Profit after tax	**(263)**	**(307)**

§ Accounting policy

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where EG operates and generates taxable income.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Note 1.9 – Deferred tax

DKK million	2022	2021
Deferred tax		
Intangible assets	452	458
Property, plant and equipment	14	14
Current assets	5	6
Deferred income, liabilities	(2)	(19)
Debt and other liabilities	(6)	(7)
Tax losses	(21)	(8)
Deferred tax liabilities	**471**	**451**
Deferred tax asset	**29**	**7**
The year's change in deferred tax may be specified as follows		
Deferred tax for the year recognised in result of continuing operations	(50)	(55)
Prior-year adjustment deferred tax	(2)	2
Additions from business combinations	51	65
Divestments business combinations	0	(2)
Exchange rate adjustment	(1)	6
Total	**(2)**	**16**

When assessing the value of deferred tax assets, specifically tax losses carried forward. The recognition is based on the positive taxable earnings for the coming years. Non-recognised tax losses carried forward amount to mDKK 20.

§ Significant accounting judgements

Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits. Judgement is based on factors such as historical profits and approved budgets.

Note 1.9 – Deferred tax (continued)

§ Accounting policy

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, EG relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

EG offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Section 2

Strategic acquisitions and business

This section provides information related to carried out strategic acquisitions and business development.

In this section:

Note 2.1 – Acquisitions

EG's vision is to enable customers becoming industry leaders. In each of the market it operates, providing the best solution and customers becoming industry leaders within their industries is the main objective. This objective is being approached through investing in solutions, strengthening software capabilities, and acquiring companies or business activities that complement the provided services. In 2022, EG completed 5 acquisitions (2021: 12). All of these have strengthened EG's offerings in its existing vertical markets.

Contributed revenues and net profit from the acquisition dates are specified below. As a consequence of performed mergers and acquisitions of activities, disaggregation of revenue and profit before tax amounts cannot be compiled reliably and therefore not specified.

Ørn Software Holding AS

On 1 August 2022, EG acquired 100% of the shares in Ørn Software Holding AS, a software group in Norway, with operations in Norway, Sweden, Iceland, Finland, Denmark, and the United States of America, with an estimated annual revenue of DKK 186 million. The purchase price is based on the provisionally determined fair values of net assets and offered through public offering. The purchase price allocation is specified below.

Contingent consideration

Total consideration paid out includes contingent consideration of DKK 0 million (2021: DKK 0 million). The contingent consideration is based on the expectation that certain revenue targets are achieved over a period of 1-2 years.

Company/Activity	Country	Acquisition date	Revenue	Profit after tax
UnoIT ApS	Denmark	1 February	Merged with EG Digital Welfare ApS	
Ajour System A/S	Denmark	1 April	25	8
Vitani Energy Systems A/S	Denmark	1 May	Merged with EG Danmark A/S	
Dafolo (Activity)	Denmark	1 July	Part of EG Digital Welfare ApS	
Ørn Software Holding AS	Norway	1 August	90	(15)
Total			**115**	**(7)**

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

DKK million	Ørn Software Holding AS	Other	2022	2021
Customer relationship	278	56	334	300
Licensing rights	86	7	93	37
Other assets	(269)	(4)	(273)	(25)
Deferred tax	(71)	(10)	(81)	(62)
Net identifiable assets acquired	24	49	73	250
Goodwill	420	191	611	595
Total consideration	**444**	**240**	**684**	**845**
Purchase of activity and share capital	**444**	**240**	**684**	**845**
Cash	81	19	100	55
Debt settled in connection to acquisitions	(312)	(11)	(323)	(63)
Settlement of accrued purchase price	0	0	0	(39)
Net outflow of cash - investing activities	**675**	**232**	**907**	**892**

Note 2.1 – Acquisitions (continued)

Goodwill

Goodwill is attributable to well-positioned software businesses and consist of know-how, skilled assembled workforces and buyer synergies which will add commercial and technical expertise and features when upgrading EG's product offerings, which do not qualify for recognition as separate assets.

Acquisition-related costs

Acquisition-related costs of DKK 45 million (2021: DKK 32 million) are recognised as special items in profit or loss and as operating cash flows in the statement of cash flows.

Proforma revenue and profit after tax

If the acquisitions had occurred on 1 January 2022, revenue and profit after tax would have been DKK 240 million (2021: DKK 228 million) and DKK (28) million (2021: DKK 21 million), respectively, for acquisitions not merged and excluding activity acquisitions. Pro forma amounts have been calculated using the subsidiary's results adjusted for: 1) differences in the accounting policies between EG and the subsidiary, and 2) depreciation/amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2022, together with the tax effect.

Note 2.1 – Acquisitions (continued)

§ Significant accounting estimates

The most significant acquired assets comprise: goodwill; brands; customer agreements and portfolios; and technology. As no active market exists for the acquired assets, liabilities and contingent liabilities, especially for intangible assets, mangement makes estimates of the fair value. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

The value of techonology and their expected useful life are assessed based on the individual brand's market position, expected market development and profitability. Technology are measured using the relief from royalty method, which calculates the fair value based on the hypothetical royalty payments that would be saved by owning the asset rather than licensing it. The expected future cash flows have a budgeted period of 5-12 years.

The value of acquired customer agreements and portfolios is assessed based on local market and trading conditions. In addition, the value is assessed based on a survivor curve to indicate the number customers who were present on the acquisition date are expected to be present over a given time frame. Expected future cash flows are budgeted based on the churn rate.

In addition to the above common and individual characteristics for calculating future cash flows, the following key parameters are used as a basis:

- Revenue growth
- EBITDA
- Future capital expenditure
- Growth expectation beyond the budgeted cash flows
- Customer loyalty
- Royalty rate (brands and technology)
- A post-tax discounting factor of weighted average cost of capital (WACC)

§ Accounting policy

Business combinations are accounted for using the acquisition method. The cost of a business combination comprises the fair value of the consideration agreed upon, including the fair value of any consideration contingent on future events. Acquisition-related costs are expensed as incurred and are included in special items.

The acquired entity's identifiable assets liabilities and contingent liabilities are measured initially at their fair value at the acquisition date.

The unallocated purchase price (positive amount) is recognised in the statement of financial position as goodwill and allocated to EG's cash generating units. Any identified badwill (negative amount) is recognised in the profit or loss as special items.

The identifiable assets, liabilities and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition.

The effect of the adjustments is recognised in the opening balance of equity, and the comparative figures are restated accordingly if the amount is material.

Changes in estimates of contingent considerations are recognised in the statement of profit or loss under special items, unless they qualify for recognition directly in equity.

Note 2.2 – Discontinued operations and assets held for sale

Profit from discontinued operations

DKK million	2022	2021
Revenue	0	22
Staff cost	0	(18)
Other income	0	66
Other operating costs	0	(2)
Operating profit (EBIT)	**0**	**68**
Finance income, net	0	0
Profit before tax	**0**	**68**
Income tax	0	0
Profit from discontinued activities	**0**	**68**
Cash flows from discontinued operations		
Cash flows from operating activities	0	2
Cash flows from investing activities	0	103
Cash flows from financing activities	0	(17)
Total cash flows	**0**	**88**

Assets and liabilities held for sale

DKK million	2022	2021
Trade and other payables	0	17
Liabilities held for sale	**0**	**17**

§ Accounting policy

EG classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Note 2.3 – Intangible assets

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2022									
Cost									
At 1 January	3,766	43	1,673	196	4	517	355	241	6,795
Exchange rate adjustment	(49)	0	(28)	(1)	0	(8)	(1)	0	(87)
Acquisitions regarding business combination	611	3	334	18	0	93	0	0	1,059
Transfers between groups	0	0	0	0	0	9	141	(150)	0
Additions	0	0	0	0	0	0	0	199	199
At 31 December	**4,328**	**46**	**1,979**	**213**	**4**	**611**	**495**	**290**	**7,966**
Amortisation and impairment									
At 1 January	(1)	(21)	(238)	(92)	(1)	(162)	(162)	(21)	(698)
Exchange rate adjustment	0	0	1	0	1	1	1	0	4
Amortisation, continued operations	0	(5)	(126)	(37)	(2)	(82)	(86)	0	(338)
Impairment	0	0	0	0	0	(56)	0	0	(56)
At 31 December	**(1)**	**(26)**	**(363)**	**(129)**	**(2)**	**(299)**	**(247)**	**(21)**	**(1,088)**
Carrying amount at 31 December	**4,327**	**20**	**1,616**	**84**	**2**	**312**	**248**	**269**	**6,878**

Note 2.3 – Intangible assets (continued)

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2021									
Cost									
At 1 January	3,131	43	1,358	187	4	457	270	185	5,635
Adjustment to 1 January regarding new accounting policy	0	0	0	0	0	0	0	(19)	(19)
New cost at 1 January	**3,131**	**43**	**1,358**	**187**	**4**	**457**	**270**	**166**	**5,616**
Exchange rate adjustment	40	0	15	2	0	5	12	0	74
Acquisitions regarding business combination	595	0	300	7	0	37	0	0	939
Transfers between groups	0	0	0	0	0	0	73	(73)	0
Additions	0	0	0	0	0	18	0	148	166
At 31 December	**3,766**	**43**	**1,673**	**196**	**4**	**517**	**355**	**241**	**6,795**
Amortisation and impairment									
At 1 January	(1)	(15)	(128)	(55)	1	(74)	(88)	(21)	(381)
Exchange rate adjustment	0	0	(7)	(2)	0	(4)	(2)	0	(15)
Amortisation, continued operations	0	(6)	(103)	(35)	(2)	(84)	(72)	0	(302)
At 31 December	**(1)**	**(21)**	**(238)**	**(92)**	**(1)**	**(162)**	**(162)**	**(21)**	**(698)**
Carrying amount at 31 December	**3,765**	**22**	**1,435**	**104**	**3**	**355**	**193**	**220**	**6,097**

Note 2.3 – Intangible assets (continued)

In 2022, the impairment tests of intangible assets with goodwill useful life were prepared on 31 December 2022. The impairment test performed showed that the value of CGU's significantly exceeds the carrying amount of the assets, and therefore the values are maintained.

Goodwill

EG has the following cash-generating units:

- EG Private 1 & 2
  The Private divisions sells standardised systems and implements proprietary vertical software systems with related financial management and administration systems within several sectors. The systems are provided as standard solutions requiring no or very little customisation. Furthermore, EG software provides business critical IT solutions to large retail chains within the Nordics. The solution portfolio consists of a full omni-channel platform, loyalty solution and administration system for ambitious retail chains. Revenue is primarily derived from the sale of subscription services such as SaaS (Software as a Service), HaaS (Hardware as a Service), Hardware sales and hotline and support agreements and is primarily based on EG's proprietary systems. Sales of consultancy services in connection with implementation projects and related software and hardware sales also contribute to revenue. The main operating assumptions applied in determining expected cash flows are the number of subscriptions and, to a lesser extent, the number of hours sold relative to the total number of hours available.

- EG Public
  This business unit sells various systems and services primarily for the public and utility sectors. Revenue is primarily derived from the sale of subscription services such as SaaS (Software as a Service) and hotline and support agreements and is primarily based on EG's proprietary systems.The main operating assumption applied in determining the cash flows is the number of subscriptions.

The impairment test is based on a Discounted Cash Flow (DCF) model incorporating an estimate for the next five years. The estimate incorporates management's long-term strategy model for the next 60 months. For the subsequent terminal period, a growth rate of 2.7% is applied. The growth rate during the budget period is based on improved capacity utilisation.

	Goodwill		Customer relationships		Licensing rights	
DKK million	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Private I	1,820	1,661	719	748	87	96
Private II	865	899	332	361	77	102
Public	1,642	1,205	565	326	148	157
Total	**4,327**	**3,765**	**1,616**	**1,435**	**312**	**355**

The impairment assessment is based on future cash flows from both the annual budgets, strategy plans and management's estimates of expected developments over the next five years. Revenue growth assumptions, EBITDA, and discount rate constitute the most material parameters in the calculations.

For all segments in EG, the estimated growth rates are based on own market intelligence process updated in the annual strategy process, through which information is collected from all key markets to form the basis for future market growth expectations. The internal expectations are then verified against available market data from external resources, including global market intelligence on amongst other TAM and SAM growth rates for all key markets.

EG has applied revenue growth rates in the range 3.6% to 7.4% for the budget period, with the private segments having the highest growth rates. With a terminal growth rate of 2.7%.

For the calculation of the net present value (NPV), EG's WACC is applied, which is based on the current borrowing rate and its expected development as well as the return on equity requirement, which is determined based on the risk profile. The rate applied is currently 8.1 % after tax (9.3 % before tax). The same WACC is used for all CGUs as the divisions are not significantly different.

EG's total goodwill is specified by CGUs as shown above.

Note 2.3 – Intangible assets (continued)

Development projects

Recognised development projects completed or in progress primarily include the development of EG's proprietary software solutions.

EG currently develops a new payroll platform which has a modular design and once completed it will be delivered to customers within the Public segment. The modules can be individually selected and each one solve specific requirements with the EG customer. Booked value of the development is DKK 48 million at year end 2022.

The project is currently under development and recognised as development projects in progress.

Management has tested recognised development costs for impairment and estimates that the recoverable amount exceeds the carrying amount at 31 December 2022. Cash flows have been estimated based on a 12-month budget period and a projection for the next 36 months.

Other intangible assets

Due to a change in the development and implementation strategy in one of the groups many products areas Management has decided to impair the full booked remaining value of an earlier acquired source code with DKK 56 million (2021: DKK 0 million).

Management has reviewed recognised other intangible assets for impairment indicators and estimates that the recoverable amount exceeds the carrying amount at 31 December 2022.

§ Significant accounting estimates

Management makes estimates when assessing impairment. Impairment is performed on the expected performance of the relevant CGU in future years, based on future budgets and business plans to calculate the value of the CGU based on the present value of future cash flows.

Note 2.3 – Intangible assets (continued)

§ Accounting policy

Goodwill

On initial recognition, goodwill is measured as described in note 2.1 "Acquisitions". Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

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

Licensing rights

Acquisition-related licensing rights consist of rights to various industry and standard solutions and is recognised at cost equalling the fair value at acquisition.

Licensing rights have finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Development projects

Software costs related to development projects that are directly attributable to the design and testing of identifiable and unique software products controlled by EG are recognised as intangible asset where the following criteria are met:

- it is technical feasible to complete the software so that it will be ready for use;
- management intends to complete the software and use or sell it and there is an ability to use or sell it;
- the expenditure attributable to the software during development can be reliably measured; and
- it can be demonstrated how the software will generate probable future positive earnings after amorti-sation.

Capitalised costs mainly include wages and salaries and are included in intangible assets and amortised from the point at which the asset is ready for use.

Costs associated with maintaining and updating products and programmes are recognised as an expense as incurred. Minor development projects and parts hereof that are funded directly or indirectly by customers are also expensed as incurred.

Other intangible assets

Separately acquired other intangible assets, including customer relationships and trademarks are measured at cost.

Acquisition-related other intangible assets comprise order books, trademarks, and rights, including software and licensing rights, and are recognised at cost equalling the fair value at acquisition. Other intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Customer relationships

Acquisition-related customer relationship are recognised at cost equalling fair value at acquisition. Fair value is based on future cash flows from the customer relationships with the most important assumptions being the development in operating profit before amortisation and tax, customer loyalty, theoretically calculated tax, and contributions to other assets.

Customer relationships are subsequently measured at cost less accumulated amortisation and impairment losses.

Amortisation methods and useful life

EG amortises intangible assets with a limited useful life, using the linear method over the following periods:

Licensing rights	2-12 years
Development projects	2-8 years
Other intangible assets	2-20 years
Customer relationships	7-25 years

Residual values and useful lives are reviewed at the reporting date and adjusted if appropriate.

Impairment testing

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets with finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets CGUs.

Intangible assets are tested for impairment based on the expected performance of the relevant CGU. If the value of a CGU significantly exceeds the carrying amount of the assets, the values are maintained.

Alternatively, detailed budgets and business plans for the following years are reviewed, and the value of the CGU is calculated based on the present value of future cash flows.

Impairment losses are recognised in profit or loss under depreciation, amortisation, and impairment. However, impairment of goodwill is recognised on a separate line item.

Note 2.4 – Property, plant and equipment and leases

DKK million	Land and buildings	Plant, machinery, IT equipment	Total
2022			
Cost			
At 1 January	152	71	223
Acquisitions from business combination	16	3	19
Additions	58	32	90
Disposals	(67)	(3)	(70)
Exchange rate adjustments	(7)	(1)	(8)
At 31 December	**152**	**102**	**254**
Depreciation and impairment			
At 1 January	(37)	(38)	(75)
Depreciation	(40)	(31)	(71)
Disposals	55	7	62
Exchange rate adjustments	4	1	5
At 31 December	**(18)**	**(61)**	**(79)**
Carrying amount at 31 December	**134**	**41**	**175**
Hereoff right-of-use assets	**134**	**8**	**142**

DKK million	Land and buildings	Plant, machinery, IT equipment	Total
2021			
Cost			
At 1 January	175	58	233
Acquisitions from business combination	1	0	1
Additions	34	25	59
Disposals	(58)	(12)	(70)
At 31 December	**152**	**71**	**223**
Depreciation and impairment			
At 1 January	(55)	(29)	(84)
Depreciation	(37)	(21)	(58)
Disposals	55	12	67
At 31 December	**(37)**	**(38)**	**(75)**
Carrying amount at 31 December	**115**	**33**	**148**
Hereoff right-of-use assets	**115**	**8**	**123**

Additions to right-of-use assets

Additions to the right-of-use assets in 2022 were DKK 63 million (2021: DKK 40 million).

Lease-related costs recognised in profit or loss

DKK million	2022	2021
Depreciations:		
Land and buildings, etc.	40	37
Plant, machinery, IT equipment	4	6
Interest expense (incl. in Finance costs)	6	6
Short term leases	0	0
Total	**50**	**49**

The total cash outflow for leases in 2022 was DKK 43 million (2021: DKK 44 million).

Lease liability

The carrying amount of the lease liabilities recognised in the balance sheet is disclosed in Note 3.2 – Borrowings.

Income from sub-leasing

Recognised income from sub-leasing as other operating income in 2022 amounted to DKK 16 million (2021: DKK 16 million)

Note 2.4 – Property, plant and equipment and leases (continued)

§ Significant accounting judgements

Lease term

EG determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. EG has several lease contracts that include extension and termination options.

EG applies judgement in evaluating whether it is reasonably certain that the option to renew or terminate the lease would be exercised or not. EG considers all relevant factors that create an economic incentive for it to exercise or terminate the lease. After the commencement date, EG reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

§ Accounting policy

Property, plant and equipment is initially recognised at cost and subsequently at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are recognised in the carrying amount or recognised separately, as appropriate, if it is probable that the cost will result in future economic benefits for EG. The carrying amount of any component accounted for separately is derecognised when replaced. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold improvements comprise costs invested in leased premises to customise them for EG's purposes.

Useful life and residual value are determined at the acquisition date and reassessed annually. Depreciation is recognised on a linear basis over the estimated useful lives of the asset, taking into account the residual value. The expected useful lives are as follows:

Buildings	Up to 10 years
Leasehold improvements	5 years/commitment period
Technical plant, computers, etc.	3-5 years
Tools and equipment, etc.	5 years
Vehicles	5 years

Assets are written down if the carrying amount exceeds its estimated recoverable amount, cf. note 2.3 – Intangible assets. Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in profit or loss.

Right-of-use assets assets and the related lease liabilities are recognised at the commencement date, except for short-term leases of 12 months or less and leases of low-value assets.

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

Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment, cf. note 2.3

Right-of-use assets are recognised as property, plant and equipment.

EG has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Low-value assets comprise IT equipment and small items of office furniture. Lease payments related to such leases are recognised in profit or loss.

Note 2.5 – Special items

DKK million	2022	2021
M&A and Divestments related cost	85	67
Restructuring	8	10
Transformations	76	122
Total	**169**	**199**

Special items comprise of:

- M&A and divestment related cost;
- cost to relating to purchases, divestment; and
- cost relating to onboarding of acquisitions

Restructuring costs includes:

- basic structural changes and strategic considerations regarding the future of the business.

Transformations cost includes:

- change and migration of new ERP;
- migration to a new data handling structure;
- overall strategic transformation to establish the foundation for future operation; and
- extraordinary changes to internal procedures.

Special items would have impacted the statement of profit or loss as follows, if not reclassified as special items:

- Costs of providing services: DKK 0 million (2021: DKK 3 million)
- Staff costs: DKK 26 million (2021: DKK 18 million)
- Other operating expenses: DKK 146 million (2021: DKK 178 million)
- Other operating income: DKK 3 million (2021: DKK 0 million).

§ Significant accounting judgements

Management assesses which items are to be identified as special items and shown separately, in order to give a correct presentation of the statement of profit or loss and other comprehensive income.

§ Accounting policy

Special items include significant non-recurring items that management does not consider to be part of EG's ordinary activities.

Special items are presented separately in profit or loss to give a true, fair, and comprehensive view of EG.

Section 3

Equity and financing

This section provides information related to internal and external financing facilities.

In this section:

Note 3.1 – Equity

Capital management

For the purpose of EG's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of EG's capital management is to maximise the value for the shareholders.

On an ongoing basis, EG assesses the capital structure and the need for adjustment due to changes in economic conditions to balance the higher required rate of return on equity against the increased uncertainty related to loan capital.

According to the current financing agreement EG is obliged to meet financial covenants related to a certain Net Debt/EBITDA ratio. For this reason, Net Debt/EBITDA ratio are monitored closely and reported monthly to ensure compliance with financial covenants.

EG's capital management aims to ensure that it meets financial covenants as breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches of the financial covenants in the current reporting period. No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2022 and 2021.

Share capital

	2022		
	Number of shares	**at DKK**	**Share capital (DKK million)**
The share capital consists of	50.000.000	1	50

	2021		
	Number of shares	**at DKK**	**Share capital (DKK million)**
The share capital consists of	50,000,000	1	50

§ Accounting policy

Retained earnings

Retained earnings are EG's free reserves, which includes share premium reserves. Share premium reserves comprise the premium above the nominal share capital paid by shareholders when shares are issued by the Parent Company.

Translation reserve

Exchange rate adjustments arising on translation of foreign subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Share capital 5 year movement	2022	2021	2020	2019	2018
Beginning of year	50	0	0	0	0
Capital increase	0	50	0	0	0
End of year	**50**	**50**	**0**	**0**	**0**

Note 3.2 – Borrowings

EG's debt to banks is shown as a net amount as a result of cash pooling.

DKK million	Current	Non-current	2022	Current	Non-current	2021
Bank loans	109	5,186	5,295	128	4,051	4,179
Lease liabilities	44	111	155	39	95	134
Total	**153**	**5,297**	**5,450**	**167**	**4,146**	**4,313**
Cash and cash equivalents	64	0	64	78	0	78
Net debt	**89**	**5,297**	**5,386**	**89**	**4,146**	**4,235**

Debt arising from financing obligations

DKK million	2022	2021
Beginning of the year	4,185	3,389
Repayments	(34)	(18)
New loans	1,208	798
Exchange rate adjustments	(18)	16
Year end	**5,341**	**4,185**

Excluded from the table are current bank loans consisting of cash pool. DKK 109 million (2021: DKK 128 million).

New loans includes DKK 63 million regarding lease liabilities relating to right-of-use assets (2021: DKK 40 million).

Fair value

The fair value of lease liabilities is not materially different from the carrying amount, since the interest payable is close to current market rates.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Fair value of non-current borrowings amounts to DKK 5,291 million. (2021: DKK 4,110 million).

§ Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, borrowings are measured at amortised cost. The difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by EG under residual value guarantees;
- the exercise price of a purchase option if EG is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects EG exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, EG's incremental borrowing rate is used, being the rate that the EG would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, EG is considering incremental borrowing rates for similar assets.

Note 3.3 – Finance income and costs

DKK million	2022	2021
Net foreign exchange gains	30	0
Other	2	0
Finance income	**32**	**0**
Interest paid to group entities	(1)	(1)
Interest on borrowings	(352)	(253)
Net foreign exchange losses	0	(12)
Amortisation of borrowing costs	(25)	(18)
Other	(17)	(8)
Finance costs	**(395)**	**(292)**
Total	**(363)**	**(292)**

Capitalised borrowing costs for the year were DKK 51 million (2021: DKK 19 million).

§ Accounting policy

Finance income and costs comprise interest, currency exchange profits or loss relating to transactions in foreign currencies, amortisation of financial assets and liabilities, including financial lease obligations, allowances and reimbursements under the advance tax scheme, and changes to the fair value of derivates that is not classified as securities.

Borrowing costs are recognised as cost of the corresponding borrowing, and amortised on a linear basis.

Note 3.4 – Financial risk management

EG is exposed to a number of financial risks, primarily interest rate risk, currency risk and liquidity risk due to its nature of operations.

EG's financial risks are managed centrally by Group Finance according to policies approved by the Board of Directors. EG does not enter derivative transactions for trading or speculative purposes.

The primary objectives for EG's financial risk management are to ensure effective liquidity management and sufficient liquidity to uphold business operations and meet contractual commitments stipulated in the funding, as well as mitigate risks for any breach in financial covenants or other breaches due to interest and exchange rate changes.

EG has not identified additional financial risk exposures in 2022 compared to 2021.

Credit risk

EG is exposed to credit risk primarily related to trade receivables, cf. note 1.4 - Trade receivables, other receivables, and credit risk.

EG's exposure to credit risk related to bank deposits and cash and cash equivalents was DKK (45) million on 31 December 2022 (2021: DKK (50) million). EG only incurs transactions with counterparties possessing an acceptable long-term credit rating from one of the rating agencies Standard & Poor's, Moody's or Fitch.

Liquidity risk

Effective liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities in order to meet obligations related to EG's ongoing financing of operations, including refinancing and debt.

Group treasury monitors the available liquidity on the basis of expected cash flows with the aim of maintaining sufficient cash and an adequate amount of committed credit facilities. For the optimization and centralization of cash management EG uses cash pools.

EG's financial resources consist of cash and cash equivalents and committed credit facilities. At 31 December 2022, the liquidity reserve amounted to DKK 781 million (2021: DKK 390 million). The committed credit facilities mature in 2026. EG has no short-term maturities.

EG's ability to serve long-term debt and credit facilities at point of maturity depends on future cash flows and refinancing. At 31 December 2022, EG's free cash flow was DKK 194 million (2021: DKK 90 million). In 2022, free cash flow was affected negatively by DKK 169 million (2021: DKK (200) million) recognised as special items which is non-recurring by nature. The adjusted free cash flow of DKK 363 million (2021: DKK 305 million) together with the future cash flows, undrawn credit facilities and available liquidity reserves is considered adequate to meet future contractual obligations when due including the ability to refinance borrowings as they mature.

Undrawn credit facilities amount to DKK 576 million (2021: DKK 312 million).

Contractual maturities for financial liabilities

(DKK million)	Carrying amount	Total	0-1 year	1-2 years	2-5 years	>5 years
2022						
Borrowings incl. interest	5,185	6,610	409	410	5,780	11
Lease liabilities	155	155	44	42	65	4
Trade and other payables	141	141	141	0	0	0
Other liabilities	403	403	403	0	0	0
Net debt	**5,884**	**7,309**	**997**	**452**	**5,845**	**15**
2021						
Borrowings incl. interest	4,051	5.169	263	263	4,643	0
Lease liabilities	134	134	39	39	49	7
Trade and other payables	182	182	182	0	0	0
Other liabilities	398	398	398	0	0	0
Transferred to liabilities held for sale	(17)	(17)	(17)	0	0	0
Net debt	**4,748**	**5,866**	**865**	**302**	**4,692**	**7**

The amounts disclosed are the contractual undiscounted cash flows (i.e. including expected interest payments estimated based on market expectations at 31 December). Balances due within 12 months equals their carrying amount as the impact of discounting is not significant. Contractual maturities for financial assets are not disclosed as they all have a maturity of less than 12 months and thus equal the carrying amount.

Note 3.4 – Financial risk management (continued)

Currency risk

EG's revenue is primarily denominated in DKK, but acquisitions in Norway, Sweden and Finland have increased EG's exposure to NOK, SEK and EUR. However, EUR is not considered a currency risk due to the Danish Nationalbank peg to the EUR.

EG's exposure to currency risk relates to EG's operating activities, EG's net investments in foreign subsidiaries and borrowings in foreign currency.

Currently, EG does not hedge the risk related to operating activities as EG considers the risk as low. However, the financial policy dictates structural balances in foreign exchange DKK + / - 20 million equivalent will be traded/exchanged via SPOT transactions.

Currency exposure from net investments has not been hedged. Foreign exchange adjustments are recognized in other comprehensive income. In 2022, the amount recognized in other comprehensive income amounted to DKK (79) million (2021: DKK 31 million).

EG's borrowings are denominated in DKK, NOK, SEK and EUR. As the impact from fluctuations in NOK and SEK is considered immaterial, EG does not use derivative financial instruments to hedge the currency exposure.

EG does not hedge exchange rate fluctuations related to the translation of the results of foreign subsidiaries or of intra-group balances in foreign currency at the reporting date. Consequently, EG may be affected by short-term fluctuations when translating the results of subsidiaries into DKK.

The aggregate net foreign exchange gains and losses recognized in profit or loss are disclosed in note 3.3 - Finance income and finance costs.

The sensitivity of profit or loss due to changes in foreign exchange rates is considered immaterial.

§ Accounting policy

Income and costs relating to financial risk management is recognised in accordance with the applied accounting policy for finance income and costs, c.f. Note 3.3 - Finance income and costs.

Interest rate risk

Interest rate risk mainly arises from borrowings with variable interest rates, which exposes EG's cash flow to fluctuations in variable interest rate risk. All of EG's borrowings carry variable interest rates.

EG has variable interest expenses and is financed with floating rates combined with a fixed margin depending on the credit facility. Interest expenses are settled in DKK, NOK, SEK and EUR.

To minimize both interest and related risks, EG has entered into cash pooling and interest netting agreements with its banks. EG has variable interest expenses and is financed with floating rates combined with a fixed margin depending on the credit facility.

Currently, EG does not hedge interest rate risk. Management monitors, as outlined in EG's financial policy, the interest rate risk on monthly basis and recommends to the Board if the duration of interest periods shall be changed.

Interest rate sensitivity

Profit or loss is sensitive to higher/lower interest income from borrowings as a result of changes in interest rates. An increase of 1%-point in relevant interest rates would have decreased profit or loss by DKK 53 million (2021: DKK 41 million). The estimate is based on EG's loans and borrowings with variable interest rates and assuming all other variables remain constant.
estimate is based on EG's loans and borrowings with variable interest rates and assuming all other variables remain constant.

31 December 2022 (DKK million)	Carrying amount	Maturity	Currency	Effective interest
Borrowings, variable	5,185	2026	Multi	5 - 10 %
Leasing, floating	155	2023 - 2029	Multi	3 - 5 %
Cash in hand	(45)	-	Multi	-

31 December 2021 (DKK million)	Carrying amount	Maturity	Currency	Effective interest
Borrowings, variable	4,051	2026	Multi	3 - 7 %
Leasing, floating	134	2022 - 2027	Multi	3 - 5 %
Cash in hand	(50)	-	Multi	-

Fair value of borrowings amounts to DKK 5,291 million. (2021: DKK 4,110 million)
Cash in hand includes current debt to bank resulting from cash pool DKK 109 million (2021: DKK 128 million).

Note 3.5 – Financial assets and liabilities

DKK million	2022	2021	Fair value
Financial assets at amortised costs			
Trade receivables and other receivables	248	330	Due to the short-term nature of the assets, the carrying amount approximate their fair value.
Cash and cash equivalents	64	78	
Total	**312**	**408**	
Financial liabilities at amortised cost			
Borrowings	5,295	4,179	The fair values of borrowings and lease liabilities are not materially different from their carrying amounts, since the interest payable is close to current market rates.
Lease liabilities	155	134	
Payables to group companies	42	41	
Trade and other payables	141	182	
Other liabilities	403	377	For other financial liabilities, the fair values approximate their carrying amount due to the short-term nature of the items.
Total	**6,036**	**4,913**	

§ Accounting policy

Financial assets and liabilities are recognised at amortised cost. Fair value for comparison is calculated based on the discounted expected cash flow of the individual financial assets and liabilities.

Section 4

Other disclosure requirements

This section provides information related to disclosures not covered by previous sections.

In this section:

Note 4.1 – Related parties

DKK million	2022	2021
Related party debt, parent companies	42	41
Transferred to liabilities held for sale	0	0
Related party debt	**42**	**41**

Shareholder over 5% of the total share capital	
Lancelot UK Finco Limited	100%

Parent and ultimate controlling party

EG A/S's parent is Lancelot UK Finco Ltd., London.

The ultimate parent company is Lancelot UK Holdco Ltd., London. The ultimate controlling party is considered to be Fransisco Partners V,L.P.

Subsidiaries

EG's interests in subsidiaries are set out in note 5.3 - Group structure.

No other transactions were carried out during the year with subsidiaries with the exception of intra-group transactions eliminated in the consolidated financial statements.

Transactions are made on market terms.

Key management personnel

The Board of Directors and the Executive Management are considered EG's key management personnel.

Apart from remuneration, no transactions were carried out with key management personnel. Remuneration of key management personnel is set out in note 1.6 - Staff costs and remuneration of key management personnel.

Other related parties

EG's other related parties include associates as well as family members of key management personnel. No transactions were carried out during the year with other related parties.

§ Accounting policy

Related parties comprise management and legal entities that assert control of EG. Identified legal entities that are asserted control by EG are consolidated into the consolidated financial statements.

Note 4.2 – Fees to auditor

DKK million	2022	2021
Total fees to statutory auditor:		
PwC		
Statutory audit	4	5
Other assurance services	5	2
Tax advisory services	5	3
Other non-audit services	15	24
Total	**29**	**34**

§ Accounting policy

Fee to auditors comprises cost recognised related to services and audit provided by the statutory auditor elected at the general assembly for EG.

Note 4.3 – Contingent liabilities and other financial liabilities

EG has delivered on all EG's deliverables in 2022 in regards to the KY project. EG has entered into back-to-back agreement in regards to the deliverables going forward. Management does not expect the risk to imply a material negative effect for EG.

Subject to customary legal provisions, EG A/S and subsidiaries act as guarantors of loans for the entity EG Midco ApS.

Subject to common law, assets amounting to DKK 7,584 million (2021: DKK 6,782 million) are pledged as security for non-current borrowings to banks amounting to DKK 5,186 million (2021: DKK 4,051 million).

EG is subject to contractual obligations regarding IT Services totaling DKK 27 million (2021: DKK 27 million) in terminable agreements with a termination period of 6 months.

Contingent liabilities:

DKK million	2022	2021
Bank guarantees	4	3
Total	**4**	**3**

§ Accounting policy

Contingent liabilities comprise liabilities of a combination of:

- an unreliable measurement;
- an unlikely occurrence; and
- an unknown utilisation.

Note 4.4 – Other liabilities

DKK million	2022	2021
Long-term accrued holiday pay	49	38
Accrued holiday pay	85	76
VAT payable	29	40
Payroll tax etc. payable	59	42
Accrued interest	58	39
Other	122	159
Transferred to liabilities held for sale	0	(17)
Total	**402**	**377**

§ Accounting policy

Other liabilities are recognised at amortised cost.

Note 4.5 – Change in working capital

DKK million	2022	2021
Change in inventories	(1)	(5)
Change in trade and other receivables	100	(71)
Change in trade and other payables	(103)	(28)
Change in other prepayments and other liabilities	(88)	16
Total	**(92)**	**(88)**

§ Accounting policy

Change in working capital is measured as the movement of the working capital from previous year to the current year balance sheet date less the net working capital recognised through business combinations.

Note 4.6 – Adjustments

DKK million	2022	2021
Special items	(169)	(199)
Profit from sale of property, plant and equipment	0	(2)
Share-based payments	19	32
Total	**(150)**	**(169)**

§ Accounting policy

Adjustments comprise:

- non-cash movements in the profit or loss recognised as EBITDA; and
- cash movements in the profit or loss not related to financial activity and not recognised as EBITDA.

Note 4.7 – Subsequent events

Subsequent business combinations

On March 5, 2023, EG signed an agreement with PatientSky AS to acquire the Norwegian software company PatientSky SaaS Norway AS and PatientSky APP AS, including the businesses Hove Medical Systems, Infodoc, PatientSky Clinic and PatientSky App. The acquisition opens new opportunities to complement and further develop the EG Healthcare software portfolio as we aim to empower healthcare professionals across the Nordics to provide better patient care.

Closing of the acquisition is subject to customary regulatory approvals.

The business combination does not affect the 2022 financial statements.

Other subsequent events

No significant events have occurred after the end of the financial year that affect the 2022 financial statements.

§ Accounting policy

Subsequent events relates to significant events subsequent to the balance sheet date that may impact the economic decision of EG's stakeholders, including subsequent business combinations.

A subsequent business combination is disclosed once closing has occurred or EG has made press releases of intent to purchase shares of unconsolidated legal entities prior to the general assembly.

A subsequent event is disclosed when it may impact the economic decision of EG's stakeholders and has occurred prior to the general assembly.

Section 5

Basis of preparation

This section provides information related to how the annual report has been prepared.

In this section:

5.1 Significant accounting estimates and judgements
5.2 General accounting policies
5.3 Group structure

Note 5.1 – Significant accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make various estimates, assumptions and judgements concerning future events that affect the reported values of assets and liabilities and income and expenses at the reporting date as well as disclosures. While these estimates are based on management's best knowledge of current events and actions, the actual results may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis.

Note	Item	Estimates	Judgements
1.2	Revenue	x	
1.7	Share based payment	x	
1.9	Deferred tax		x
2.1	Acquisitions	x	
2.3	Intangible assets	x	
2.4	Property, plant and equipment and leases		x
2.5	Special Items		x

§ Significant accounting judgements

The preparation of these consolidated financial statements requires management to make various estimates, assumptions and judgements concerning future events that affect the reported values of assets and liabilities and income and expenses at the reporting date as well as disclosures. While these estimates are based on management's best knowledge of current events and actions, the actual results may differ from those estimates.

Note 5.2 – General accounting policies

§ Accounting policy

The consolidated financial statements comprise the financial statements of EG A/S and its subsidiaries (collectively "EG") as at 31 December 2022.

A summary of significant accounting policies adopted in the preparation of these consolidated financial statements have been disclosed in the relevant notes. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of EG have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and additional Danish disclosure requirements for the financial statements of reporting class C (Large) enterprises, cf. the Danish Executive Order on Adoption of IFRSs issued pursuant to the Danish Financial Statements Act.

EG has prepared the financial statements on the basis that it will continue to operate as a going concern.

The accounting policies are consistent with those applied in the financial statements for 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt, and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Danish Kroner (DKK), which is EG A/S' functional currency, and all values are rounded to the nearest million (DKK million), except when otherwise indicated.

New standards and interpretations not yet adopted

IASB has published the following new accounting standards and interpretations, which are not mandatory for 31 December 2022 reporting periods and have not been early adopted by EG:

- IFRS 17 Insurance Contracts
- IFRS 17 Insurance Contracts – Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 Financial Instruments – Comparative Information
- IAS 1 Presentation of Financial Statements – Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Deferral of Effective Date)
- IAS 12 Income Taxes – Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 1 Presentation of Financial Statements – Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies

Note 5.2 – General accounting policies (continued)

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8: Definition of Accounting Estimates
- Annual Improvements 2018-2020 Cycle

Not all of the above standards, changes, and interpretations have been approved by EU.

The approved standards and interpretations to take effect are implemented as they become mandatory for EG. These standards are not expected to have a material impact on EG in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

Control is achieved when EG is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, EG controls an investee if, and only if, EG has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when EG has less than a majority of the voting or similar rights of an investee, EG considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- EG's voting rights and potential voting rights.

EG reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when EG obtains control over the subsidiary and ceases when EG loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date EG gains control until the date EG ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of EG and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with EG's accounting policies. All intra-group assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of EG are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If EG loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency translation

EG's consolidated financial statements are presented in DKK, which is also EG A/S' functional currency. For each entity, EG determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. EG uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by EG's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of EG's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which EG initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, EG determines the transaction date for each payment or receipt of advance consideration.
On consolidation, the assets and liabilities of foreign operations are translated into DKK at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of

Note 5.2 – General accounting policies (continued)

other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Fair value measurement
EG does not measure assets or liabilities at fair value but applies fair value in the assessment of impairment and initial recognition of assets and liabilities related to business combinations, as well as to calculate the value of transactions related to share-based payments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by EG.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

EG uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, the Corporate Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per EG's accounting policies. For this analysis, the Corporate Management verifies the major inputs applied in the latest valuation by agreeing the in-formation in the valuation computation to contracts and other relevant documents.

The Corporate Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Corporate Management presents the valuation results to the Audit Committee and EG's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, EG has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- 1.7 - Share-based payments
- 3.2 - Borrowings
- 3.4 - Financial risk management

Note 5.2 – General accounting policies (continued)

Definition of financial ratios

EBITDA
(Earnings before interest, tax, depreciation, amortisation, and Special items)
= Operating profit before depreciation, amortisation, and special items.

Adjusted EBITDA
= EBIDTA before share-based payments.

Adjusted Profit for the year
= Profit for the year from continuing operations before acquisition-related depreciation, amortisation, and impairment losses.

Net working capital
= Inventory + trade receivables + contract work in progress - trade payables.

Free cash flow
= Operating cash flow – investments in non-current assets

Adjusted free cash flow
= Free cash flow + special items + non-cash movements on property, plant, and equipment + extraordinary investment in licensing rights.

Revenue growth
= Change in revenue as a percentage of previous year's revenue.

Adjusted EBITDA growth
= Change in Adjusted EBITDA as a percentage of previous year's Adjusted EBITDA.

Adjusted EBITDA margin
= Adjusted EBITDA as a percentage of revenue.

EBITDA margin
= EBITDA as a percentage of revenue.

Equity ratio
= Equity as a percentage of total assets.

Average number of employees
= Average full-time equivalent employees during the reporting period.

Recurring Revenue %
= Recurring Revenue as a percentage of revenue.

Recurring Revenue Growth %
= Recurring Revenue movement as a percentage of previous year's Recurring Revenue.

Adjusted Revenue
= Revenue adjusted to include revenue as if acquisitions were completed on the first day of the relevant accounting period. Figures are stated in fixed currency rates.

Organic Revenue Growth
= Organic Revenue Growth is the development of EG's revenue in relation to the previous year's, including revenue from acquisitions completed in the current and previous year as if the acquisitions had been made on the first day of the previous year. Amounts are stated in fixed currency rates.

Adjusted Recurring Revenue
= Recurring Revenue adjusted to include Recurring Revenue as if the acquisitions were completed on the first day of year. Amounts are stated in fixed currency rates.

Organic Recurring Revenue Growth
= Organic Recurring Revenue Growth is the development of EG's Recurring Revenue in relation to previous year, including Recurring Revenue from acquisitions completed in the current and previous year as if the acquisitions had been made on the first day of the previous year. Amounts are stated in fixed currency rates.

Gross Retention Rate
= Previous year's Adjusted Recurring Revenue less the annualised value of lost customers in the current year divided by previous year's Adjusted Recurring Revenue. The calculation excludes Adjusted Recurring Revenue in previous year relating to certain recent acquisitions where customer data has not yet been in EG's reporting systems to allow for computation.

Net Retention Rate
= Current year's Adjusted Recurring Revenue from customers who were also customers of EG or the ac-quired business in previous year, divided by previous year's Adjusted Recurring Revenue. The calculation excludes revenue in previous year relating to certain recent acquisitions where customer data has not yet been in EG's reporting systems to allow for computation.

Fixed currency rates

DKK / currency	Applied fixed exchange rate
NOK	72.0000
SEK	70.0000
EUR	746.0380
PLN	166.0000
INR	8.6400
ISK	5.3524
USD	657.0000

Note 5.3 – Group structure

Entity	Country	Group ownership	Ownership interest	Voting percentage
Lancelot UK Finco Limited				
EG A/S	DK	Lancelot UK Finco Limited	100%	100%
EG Midco ApS	DK	EG A/S	100%	100%
EG Danmark A/S	DK	EG Midco ApS	100%	100%
Dynaway A/S	DK	EG Danmark A/S	100%	100%
Sigma Estimate A/S	DK	EG Danmark A/S	100%	100%
EG Hairtools ApS	DK	EG Danmark A/S	100%	100%
Xena ApS	DK	EG Danmark A/S	100%	100%
CalWin A/S	DK	EG Danmark A/S	100%	100%
EG Digital Welfare ApS	DK	EG Danmark A/S	100%	100%
UnoIT ApS*	DK	Merged with EG Digital Welfare ApS		
Ajour System A/S*	DK	EG Danmark A/S	100%	100%
Ajour System GmbH*	DE	Ajour System A/S	100%	100%
Capto A/S	DK	Merged with EG Danmark A/S		
Silkeborg Data A/S	DK	Merged with EG Danmark A/S		
CodeZoo ApS	DK	Merged with EG Danmark A/S		
Aver & Lauritzen ApS	DK	Merged with EG Danmark A/S		
InCom ApS	DK	Merged with EG Danmark A/S		
Vitani Energy Systems A/S*	DK	Merged with EG Danmark A/S		
EG Norge AS	NO	EG Danmark A/S	100%	100%
Hano AS	NO	EG Norge AS	100%	100%
EasyUpdate AS	NO	EG Norge AS	100%	100%
EG Retail AS	NO	EG Norge AS	100%	100%
EG Retail AB	SE	EG Retail AS	100%	100%
Front Systems AS	NO	EG Norge AS	100%	100%
Front Systems ApS**	DK			
Front Development Spain SL	ES	Front System AS	100%	100%
Ørn Software Holding AS*	NO	EG Norge AS	100%	100%
Ørn Software AS*	NO	Ørn Software Holding AS	100%	100%
Facility Management AS*	NO	Ørn Software AS	100%	100%
Landax AS*	NO	Ørn Software AS	100%	100%
Ørn Software Holding Oy*	FI	Ørn Software AS	100%	100%
Rapal Oy*	FI	Ørn Software Holding Oy	100%	100%
Optimaze Inc.*	US	Rapal Oy	100%	100%
Ørn Software AB*	SE	Ørn Software AS	100%	100%
Entro AB*	SE	Ørn Software AS	100%	100%
Örn Software Ehf*	IS	Ørn Software AS	100%	100%
MainManager Norge AS*	NO	Örn Software Ehf	100%	100%
Ørn Software ApS*	DK	Örn Software Ehf	100%	100%
Holte AS	NO	EG Danmark A/S	100%	100%
Holte Software Poland Sp. z o.o	PL	Holte AS	100%	100%
EG Finland Oy	FI	EG Danmark A/S	100%	100%
Silverbucket Oy	FI	EG Finland Oy	100%	100%
Jydacom Oy	FI	EG Finland Oy	100%	100%
EnerKey Group Oy	FI	EG Finland Oy	100%	100%
EnerKey Oy	FI	EnerKey Group Oy	100%	100%
EnerKey Sweden AB	SE	EnerKey Oy	100%	100%
EG Sverige AB	SE	EG Danmark A/S	100%	100%
Zavann AB	SE	EG Sverige AB	100%	100%
EG Poland Sp. z o.o	PL	EG Danmark A/S	100%	100%
EGDK INDIA PRIVATE LIMITED	IN	EG Danmark A/S	100%	100%
PLSP A/S	DK	EG Danmark A/S	33,3%	33,3%
FloraInfo ApS	DK	EG Danmark A/S	14,2%	14,2%

* Acquired during 2022

** Disposed during 2022

Management's statement

The Executive Board and Board of Directors has today considered and adopted the Annual Report of EG A/S for the financial period 1 January – 31 December 2022.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2022 of EG and the Parent Company and of the results of EG and Parent Company operations and cash flows for 2022.

In our opinion, the Management's Review includes a true and fair account of the development in the operations and financial circumstances of EG and the Parent Company, of the results for the year and of the financial position of EG and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing EG and the Parent Company.

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

Ballerup, 9 March 2023
Executive Board

Mikkel Bardram, CEO

Henrik Hansen, CFO

Board of Directors

Klaus Holse, Chairperson

Petri Oksanen, Vice Chairperson

Michael William Barry

Carsten Nygaard Knudsen

Quentin Lathuille

Jane Wiis

Poul Ejner Rabjerg
Board Employee Representative

Lone Nedergaard-Jensen
Board Employee Representative

Stein Rustad
Board Employee Representative

Independent auditor's report

To the Shareholder of EG A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of EG A/S for the financial year 1 January - 31 December 2022, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated financial Statements and Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 9 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Parent company financial statements

Content

Parent company financial statements

Primary statements

Statement of profit or loss and other comprehensive income

DKK million	Note	2022	2021
Staff cost	2	8	1
Other operating income		8	0
EBITDA		**0**	**(1)**
Special items		3	0
EBIT		**(3)**	**(1)**
Share of profit/loss after tax on investments in subsidiaries	4	(261)	(238)
Profit before tax		**(264)**	**(239)**
Income tax	3	1	0
Profit for the year		**(263)**	**(239)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign subsidiaries		(78)	31
Other comprehensive income		**(78)**	**31**
Total comprehensive income for the year, net of tax		**(341)**	**(208)**

Balance sheet

DKK million	Note	2022	2021
ASSETS			
Investments in subsidiaries	4	856	1,176
Non-current assets		**856**	**1,176**
Trade and other receivables		0	3
Income tax receivable		3	2
Current assets		**3**	**5**
Total assets		**859**	**1,181**
EQUITY AND LIABILITIES			
Share capital	5	50	50
Translation reserve		(61)	17
Retained earnings		864	1,108
Proposed dividends		0	0
Total equity		**853**	**1,175**
Payable to group companies		3	3
Other liabilities		3	3
Current liabilities		**6**	**6**
Equity and liabilities		**859**	**1,181**

Statement of changes in equity

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2022	**50**	**17**	**1,108**	**1,175**
Total comprehensive income for the year	0	(78)	(263)	(341)
Share-based payment	0	0	19	19
Transaction with owners	**0**	**0**	**19**	**19**
Total Equity	**50**	**(61)**	**864**	**853**

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2021	**0**	**(14)**	**1,293**	**1,279**
Change of interpretation of accounting policy	0	0	(15)	(15)
Adjustments to prior year	0	0	58	58
New equity at 1 January 2021	0	(14)	1,336	1,322
Total comprehensive income for the year	0	31	(239)	(208)
Group contribution	0	0	29	29
Capital increase	50	0	(50)	0
Share-based payment	0	0	32	32
Transaction with owners	**50**	**0**	**11**	**61**
Equity at 31 December 2021	**50**	**17**	**1,108**	**1,175**

Cash Flow statement

DKK million	Note	2022	2021
Cash flow from operating activities			
EBITDA		0	0
Adjustments		(3)	0
Change in working capital		3	0
Income tax paid		0	0
Cash flow from operating activities, continuing operations		**0**	**0**
Cash flow from investing activities, continuing operations		**0**	**0**
Cash flow from financing activities, discontinued operations		**0**	**0**
Change in cash flow for the year		0	0
Cash and cash equivalents at 1 January		0	0
Effects of exchange rate changes of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December, continuing operations		**0**	**0**

Note 1 – Basis of preparation

The financial statements of EG A/S have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU additional Danish disclosure requirements for the financial statements of reporting class C (Large) enterprises, cf. the Danish Executive Order on Adoption of IFRSs issued pursuant to the Danish Financial Statements Act.

Other areas described in note 5.2 to the consolidated financial statements also apply as the basis of preparation of the parent company financial statements where relevant.

Accounting policies

With the exception of the accounting policies described in note 4 - Investments in subsidiary, the accounting policies for EG A/S are the same as EG's accounting policies, cf. the notes to the consolidated financial statements.

Use of estimates, assumptions and judgements

Use of estimates, assumptions and judgements are the same as for EG to the extent they are similar accounting items, cf. note 5.2 to the consolidated financial statements.

Investment in subsidiaries

Investment in subsidiaries is tested for impairment when there is an indication that the investment may be impaired.

Note 2 – Staff costs and remuneration to key management personnel

The Executive Management are shareholders in the company but are not receiving any salary compensation package from EG A/S or from any other company further up in the ownership structure.

DKK million	2022	2021
Average number of employees	2	0
Wages and salaries	4	1
Defined contribution plans	1	0
Performance-based bonus	3	0
Total	**8**	**1**

Remuneration to key management personnel

DKK million	2022	2021
Wages and salaries	8	8
Defined contribution plans	1	1
Share-based payments	12	11
	21	**20**
Hereof:		
Executive Management	15	14
Board of Directors	6	6
Total	**21**	**20**

Comparative numbers consist of remuneration provided to key management personnel in other group entities.

Note 3 – Tax

EG A/S is taxed jointly with all Danish subsidiaries. The current Danish income tax is allocated to the jointly taxed entities in proportion to their taxable income. Entities utilising tax losses in other entities pay a joint taxation contribution to the parent equal to the tax base of the losses used, while entities whose tax losses are utilised by other entities receive a joint taxation contribution from the parent equal to the tax base of the losses used (full allocation). The jointly taxed entities are taxed under the Danish corporate tax act.

Note 4 – Investments in subsidiaries

DKK million	2022	2021
Cost at 1 January	1,863	1,776
Adjustment to prior year	0	58
Adjusted cost at 1 January	**1,863**	**1,834**
Additions	0	29
Cost at 31 December	**1,863**	**1,863**
Revaluation and impairment at 1 January	(687)	(497)
Change of interpretation of accounting principle	0	(15)
Adjusted revaluation and impairment at 1 January	**(687)**	**(512)**
Distributed result incl. amortisation and impairment of goodwill after tax	(261)	(238)
Adjustment to prior year	0	0
Exchange rate adjustments	(78)	31
Share-based payments	19	32
Revaluation and impairment at 31 December	**(1,007)**	**(687)**
Carrying amount at 31 December	**856**	**1,176**

Note 5 – Equity

§ Accounting policy

Investments in subsidiaries are recognised and measured under the equity method. The proportionate ownership interest of the equity value of the subsidiaries is recognised in the balance sheet under the item "Investments in subsidiaries" based on the fair value of the identifiable net assets at the date of acquisition less or with the addition of unrealised intra-group gains or losses, with the addition of the remaining positive balance (goodwill) and less the remaining negative balance (negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred from distribution of profit to "Reserve for net revaluation according to the equity method" under equity. The reserve is reduced by distributions of dividends to the parent company and adjusted for other changes in the equity of the subsidiaries.

Subsidiaries with negative equity value are recognised at DKK 0. If the parent company has a legal or constructive obligation to cover the subsidiary's negative balance, a provision for that obligation is recognised.

The proportionate share of the profit for the year less impairment of goodwill is recognised in the statement of profit or loss item "Income from investments in subsidiaries".

	2022			2021		
	Number of shares	**at DKK**	**Share capital (DKK million)**	**Number of shares**	**at DKK**	**Share capital (DKK million)**
The share capital consists of	50,000,000	1	50	50,000,000	1	50

Share capital 5 year movement	**2022**	**2021**	**2020**	**2019**	**2018**
Beginning of year	50	0	0	0	0
Capital increase	0	50	0	0	0
End of year	**50**	**50**	**0**	**0**	**0**

Note 6 – Fees to auditor

Fee to statutory auditors is included within the consolidated financial statements, cf. note 4.2.

Note 7 – Contingent liabilities and other financial liabilities

EG A/S is jointly taxed with EG's Danish subsidiaries. The total amount of payable income tax is disclosed in the annual report of EG A/S, the administration company. EG's Danish subsidiaries are also jointly and severally liable for Danish withholding taxes on dividends, royalties, and interest. Any subsequent adjustments of income tax and withholding tax may result in an increase to EG's liability.

Subject to customary legal provisions, EG A/S act as guarantor of loans for the entity EG Midco ApS. Subject to common law, assets amounting to DKK 859 million (2021: DKK 1,181 million) are pledged as security for subsidiaries' non-current borrowings to banks amounting to DKK 5,186 million (2021: DKK 4,051 million).

Note 8 – Related parties

Parent and ultimate controlling party

EG A/S is fully owned by Lancelot UK Finco Ltd, London with Lancelot UK Holdco Ltd., London being the ultimate Parent Company and is included in the Consolidated Annual Reports of Lancelot UK Holdco Ltd., London.

Key management personnel

The Board of Directors and the Executive Management are considered EG's key management personnel. Apart from remuneration as set out in note 1.6 – Staff costs and remuneration of key management personnel, there were no significant transactions with the members of the Board of Directors or the Executive Management.

Other related parties

Other related parties include subsidiaries as well as family members of key management personnel. EG's interests in subsidiaries are set out in note 5.3 to the consolidated financial statements.

No significant transactions were carried out during the year with other related parties, with the exception of intra-group transactions eliminated in the consolidated financial statements.

Transactions are made on market terms.

DKK million	2022	2021
Sales to related parties	9	0
Purchase from related parties	0	0
Receivables from related parties, parent companies	0	0
Receivables from related parties, subsidiaries	0	0
Receivables from related parties	**0**	**0**
Related party debt, parent companies	0	0
Related party debt, subsidiaries	3	3
Related party debt	**3**	**3**

Note 9 – Financial risk management

EG A/S is exposed to a number of financial risks, mainly interest rate risk, currency risk and liquidity risk.

The company's financial risks are managed centrally by Group Finance according to policies approved by Francisco Partners and Board of Directors.

The primary objectives for EG's financial risk management are to ensure effective liquidity management and sufficient liquidity to uphold business operations and meet commitments stipulated in the funding and mitigate risks for any covenant or other breaches due to interest and exchange rate changes.

More information regarding financial risk management is provided in note 3.4 to the consolidated financial statements.

Note 10 – Distribution of profit or loss

The Executive Management proposes that the comprehensive income for the year be distributed as follows:

DKK million	2022	2021
Translation reserve	(78)	31
Retained earnings	(263)	(239)
Total	**(341)**	**(208)**

Note 11 – Subsequent events

No significant events have occurred after the end of the financial year that affect the 2022 financial statements.