FFW Group ApS

Lyngbyvej 2, DK-2100 Copenhagen Ø

Annual Report for 1 January - 31 December 2022

CVR No 40 79 75 64

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/01 2023

Sven Müller-Holberg
Chairman of the General Meeting

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Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	20
Balance Sheet 31 December	21
Statement of Changes in Equity	24
Cash Flow Statement 1 January - 31 December	25
Notes to the Financial Statements	26

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of FFW Group ApS for the financial year 1 January - 31 December 2022.

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

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

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 27 January 2023

Executive Board

Michael Koefoed Steensborg Drejer
Executive Officer

Sven Müller Holberg
Executive Officer

Board of Directors

Joachim Horst Scholz

Stefan Andreas Walter Happak

Independent Auditor's Report

To the Shareholders of FFW Group ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of FFW Group ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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 the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial

Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 27 January 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
state authorized public accountant
mne33262

Niels Henrik B. Mikkelsen
state authorized public accountant
mne16675

Company Information

The Company	FFW Group ApS Lyngbyvej 2 DK-2100 Copenhagen Ø CVR No: 40 79 75 64 Financial period: 1 January - 31 December Incorporated: 18 September 2019 Financial year: 4th financial year Municipality of reg. office: Copenhagen
Board of Directors	Joachim Horst Scholz Stefan Andreas Walter Happak
Executive Board	Michael Koefoed Steensborg Drejer Sven Müller Holberg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group			
	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Revenue	587.170	382.566	261.838	33.454
Gross profit/loss	423.386	294.624	212.687	14.044
Profit/loss before financial income, financial expenses, depreciation, and amortization (EBITDA)	116.402	77.649	42.635	-7.337
Profit/loss before financial income and expenses (EBIT)	60.499	38.022	19.443	-10.686
Net financials	-6.113	-13.828	-9.819	-1.655
Net profit/loss for the year	28.117	10.432	4.230	-13.831
Balance sheet				
Balance sheet total	408.997	408.922	301.537	301.786
Equity	149.413	122.568	67.230	63.177
Cash flows				
Cash flows from:				
- operating activities	55.428	22.202	19.318	27.925
- investing activities	1.457	-92.212	-3.731	-198.351
including investment in property, plant and equipment	-4.954	-4.800	-2.019	-15.695
- financing activities	-31.004	58.704	7.622	195.022
Change in cash and cash equivalents for the year	25.880	-11.305	23.209	24.596
Number of employees	639	490	389	354
Ratios				
Gross margin	72,1%	77,0%	81,2%	42,0%
Profit margin	10,3%	9,9%	7,4%	-31,9%
Return on assets	14,8%	9,3%	6,4%	-3,5%
Solvency ratio	36,5%	30,0%	22,3%	20,9%
Return on equity	20,7%	11,0%	6,5%	-43,8%
EBITDA margin	19,8%	20,3%	16,3%	(22,0)%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activities

FFW Group, a leading provider of digital services, has established a global presence through its 14 subsidiaries, and for the past 20+ years FFW Group has partnered with large global enterprises to define, build, optimize and support their digital platforms and to drive critical positive impact in their respective organizations. FFW Group maintains a strong global footprint, with legal entities, PEs, and offices spread across 12 countries, including Denmark, the United States, Canada, Germany, France, the United Kingdom, Austria, Bulgaria, Ukraine, Moldova, Romania, and Vietnam. This allows us to offer localized support to our clients, while also limiting our exposure to potential risks associated with one market declining, resource availability, geopolitical issues, and currency fluctuations.

Market overview

FFW Group operates within the global digital market, catering to a customer base that is both geographically dispersed and diverse. We generate revenue primarily from the United States and Europe, with Germany being the largest contributor among European countries. The market in which we operate, which encompasses enterprise software, digital solutions, and related services, is expected to continue growing, according to industry analysts at Gartner. Projections indicate that this market will grow by 5.1% from 2022 to 2023, with IT spending projected to reach $4.6 trillion by 2023.

Development in the year

At FFW Group in 2022, we were able to surpass our revenue budget by 6,6 mEUR (FY 2022 budget: 72.328 kEUR). This was primarily due to a higher-than-anticipated revenue generated, strongly from our key accounts but also the acquisition of new customers. Our comprehensive market analysis, along with our well-executed sales strategy, enabled us to capitalize on market opportunities and drive continued revenue growth. As previously forecasted in the 2021 Annual Report, FFW Group was able to maintain a strong EBITDA margin, despite facing inflation and pressures on human resources. FFW Group's revenue is distributed between the United States and Europe, with a 57.8%/42.2% split between the two regions. This encompasses all business activities. Despite the ongoing war in Ukraine and the challenges posed by COVID-19 measures, FFW Group was able to mitigate any negative impact on its business operations and company's financial performance. The income statement for FFW Group in 2022 shows a net profit of 28,117 kDKK, and as of December 31, 2022, the Group's balance sheet shows equity of 149,413 kDKK.

Management's Review

Development in the year - continued

In the past year, our company has made significant strides in streamlining and improving our operations through various initiatives. These include:

1. Incorporation of a new subsidiary in Romania.

2. Start of the implementation of a consolidation tool in order to improve both the efficiency in the consolidation process and the quality of the financial data, but also to enhance the business reporting structure through standardization and automation.

3. The further insourcing of payroll and accounting tasks, which has resulted in an improved quality of service, faster processes, and cost savings.

4. The establishment of a company-wide internal academy to train new and current team members in order to meet customer requirements from a skill and expertise perspective.

5. The continuation of regular internal global team members surveys to better understand the needs and wants of our team members and drive defined improvement activities.

6. The strengthening of legal, compliance, and data protection functions through the continued implementation of relevant policies, procedures, and trainings.

7. The establishment of a Global Marketing function to ensure that branding, internal and external marketing activities are coordinated on a global scale.

8. The roll out of the FFW Group Anti-Bribery and Corruption Policy and Code of Ethics and Business Conduct.

9. The acquisition (signed in December 2022 and closed in January 2023) of a German digital marketing, content and campaign specialist company.

Management's Review

Acquisition of Yours Truly and rationale behind

FFW Group acquired Yours Truly GmbH (closed 17.01.2023), a company that provides a range of services related to digital marketing and advertising which achieved a FY 2022 revenue of 9.45 MEUR and employs 60 people. The acquisition was made with the intention of expanding FFW Group's service offering to encompass a broader range of services for their clients. Specifically, FFW Group aims at offering Chief Marketing Officers (CMO) a wide range of services that will enable them to achieve their goals and objectives more effectively. With the acquisition of Yours Truly, FFW Group will now be able to offer a wider range of services such as digital marketing, social media management, content creation, and branding. These services will complement FFW Groups' existing offerings, which include website development, software development, and analytics. The acquisition of Yours Truly will also allow FFW Group to expand its client base and reach new verticals. The Group will be able to offer a more comprehensive service offering to existing clients, while also attracting new clients looking for a one-stop-shop for their digital marketing and advertising needs.

Management's Review

Use of financial instruments

Special risks - operating risks and financial risks

Operating risks

FFW Group has identified the potential slowdown in the market for digital services as the biggest operational risk to our company going forward. While this risk is not expected, it could be generated by a potential worldwide recession. According to most analysts the IT services market is one of the last areas large enterprises expect to reduce budget. However, to mitigate the potential risk, we have implemented strategies to diversify our customer base by operating in various countries with different digital maturity levels. Additionally, we have shifted our revenue stream from single-project sales to recurring contracts, focusing on maintenance, support, security, and optimization. Another operating risk is the growing competition for talent in the IT industry. Human Capital is the main resource of our business model, and it is essential to our revenue stream. Therefore, identifying, hiring, and retaining highly skilled and motivated people is key to our success. To strengthen this important field, we have introduced a range of activities and measures, including appointing a team members satisfaction manager in the United States and Europe, regular team members surveys, an in-house training academy, and providing work location flexibility and support for team members to move. We also have a regular information and communication system in place, including a monthly newsletter and regular video messages. Our in-house training academy has improved the onboarding and further development of our staff. The ongoing war in Ukraine remains a main risk to FFW Group's business as we maintain two offices in the region. To mitigate this risk, we have created a pool of freelancers we can work with on short notice in case of shortages in resources. Additionally, we are increasingly hiring IT-developers as our main HR resource in US and Western European countries, as well as opened further hubs in Romania and Canada in 2022. This diversifies our workforce and allows us to continue to operate effectively in the region. FFW Group has two offices in Ukraine located in the cities of Mykolaiv and Dnipro. In February 2022, when Russia entered Ukraine, it resulted in a temporary closure of these offices. In response to this crisis, the company coordinated with the team in Ukraine to relocate a portion of our team out of the region. Additionally, a substantial number of team members were transferred to the Western regions of Ukraine. Despite continuous attacks, many of the team members have returned to Dnipro. To ensure continuity of operations, FFW Group has implemented measures such as the utilization of generators and battery packs to power satellite internet connections and laptops for our team in the affected areas. Overall, despite the ongoing state of exception, more than 90% of our team has been continued to work and maintained a high level of productivity.

Management's Review

Foreign exchange risks

The foreign exchange rate of the USD/DKK remains a key risk for FFW Group. With approximately 58.9% of the global revenue invoiced in USD, fluctuations in this exchange rate have a significant impact on our revenue. However, the effect on EBT is limited as approximately 42.1% of our costs are paid in USD. Additionally, most transactions for revenue and costs are incurred in EUR, DKK, or BGN, which poses little to no risk as FFW Group reports in DKK and these currencies are pegged to the EUR. Hence, management decided not to hedge USD/DKK risk or generally any foreign exchange risk.

Interest rate risks

Based on current covenant interest margin which stands at 1.75% fixed at EURIBOR3. Management does not see any interest risk for the Financial Year 2023.

Credit risks

FFW Group has historically experienced low levels of losses in its group companies. In 2022, a total of 366 kDKK has been accrued for specific customers and an unspecified accrual for bad debt based on total exposure. However, based on historical trends, we anticipate that losses will remain low in 2023.

Financial Perfomance

Despite the challenges posed by the ongoing war in Ukraine and the Covid-19 pandemic, FFW Group's financial performance has been strong. The income statement for 2022 shows a net profit of 28,117 kDKK and, as of December 31, 2022, the balance sheet shows equity of 149,413 kDKK.

Liquidity risks

FFW Group places a strong emphasis on maintaining flexibility and minimizing risks. As of December 31, 2022, FFW Group had a total of 62.38 mDKK in available cash as well as sufficient revolving credit facilities in place. The next principal payment, due on June 30, 2023, is 2.82 mEUR.

Strategy and objectives

Ownership and capital structure

FFW Group is indirectly owned by funds advised by German Investor Findos and directly owned by Celine Sieben GmbH. This ownership and capital structure allows us to maintain a strong and stable financial footing, enabling us to navigate any risks that may arise.

Management's Review

Expectations the coming year

For 2023, FFW Group anticipates revenue growth of approximately 29.5% in both the US and Europe, including Yours Truly which is supporting the overall growth by approx. 10% of the total revenue, compared to 2022. We were able to win some further Fortune 500 companies as customers. Moreover, since May 2022 are we the single digital supplier of a major German TV channel. The EBITDA margin is expected to remain approximately on the same the level of 2022, despite the inflation and salary pressures of IT resources around the globe. In 2023, FFW Group plans to continue focusing its corporate social responsibility efforts on a number of initiatives separated into the following areas:

Promoting Diversity, Inclusion, and Equality in the Workplace

Diversity and inclusion are ingrained at the core of our organization. FFW Group is an equal opportunity employer and respects the diversity of our people. Our goal is to attract, motivate, develop, and retain a diverse and talented group of individuals while also providing a working environment that promotes both inclusion and equality. We have an inclusive culture and practice open sharing of information, transparent decision-making, and provide an accessible environment for all. We regularly conduct engagement surveys using Peakon to identify areas for improvement and implement necessary changes.

Considering our Environmental Footprint

In this reporting year, we have outlined our risks, approaches, efforts, and results concerning environment and climate change. We remain committed to responsible and sustainable business practices in all areas of our operations. FFW Group supports a precautionary approach to environmental challenges and undertakes initiatives to promote greater environmental responsibility. We are committed to finding and testing tools, methods, and initiatives that enable us to become carbon neutral.

Fighting for Human Rights and Anti-corruption

At FFW Group, we operate our business in a transparent and trustworthy manner, and we ensure that we are not complicit in any human rights abuses. We also recognize that corruption and bribery are barriers to sustainable development and free and fair trade.

Embedding Personal Data Protection in our Operations and Using Data responsibly

Data is the driving force of the digital revolution and the global economy. We recognize that the practices surrounding its value extraction urgently necessitate an ethical and sustainable approach. We aim to successfully translate theoretical ethical principles into tangible and practical guidelines to build a solid framework in order to foster transparency, accountability, fair, secure, and sustainable data processing activities that positively contribute to the greater good.

Governance of Corporate Social Responsibility

FFW Group recognizes the mutual interest of both the company and its business partners in meeting the present and future requirements of markets and society. To this end, FFW Group has created a Global Management Team (GMT) to oversee all major decisions in the company. The GMT is responsible for the strategic and financial development of the company, as well as protecting the interests of all stakeholders and ensuring that our day-to-day business activities align with our culture and values and comply with all applicable laws.

Environment and Climate Change

FFW Group recognizes the impact of our business activities on the environment and is committed to minimizing these impacts as much as possible. Climate change is manifesting rapidly in the form of droughts, fires, floods, resource scarcity, and species loss, among other impacts. In response, in 2019, we launched the local environment initiative #AgenciesForFuture in Germany, consulting with experts in climate protection to create a blueprint for our strategy to positively impact the environment.

We offset the carbon footprint of our business travel and team members commute in Hamburg through Arktik GmbH, an environmental protection project. We also extend CO2 compensation to our team members vacation trips and offer our Hamburg team members the opportunity to lease a traditional or electric bicycle at reduced rates. Additionally, we purchase green electricity and work exclusively with hosting suppliers who have committed to climate neutrality.

Our company car policy prioritizes alternatively powered vehicles, and we closely examine whether a company car is necessary at all. Additionally, as a development partner of Hamburger Hochbahn AG, we offer our Hamburg team members a mobility budget for public transportation or private mobility service providers. At our events, we avoid meat and offer vegetarian and vegan options to our team members and guests.

In light of the ongoing COVID-19 pandemic and its impact on daily lives and business operations, FFW Group has reaffirmed its commitment to promoting a culture of flexibility and choice in the workplace. This approach not only enhances team member satisfaction and work-life balance, but also reduces our environmental footprint by decreasing the use of natural resources and waste production through remote work.

To reach this goal, in 2022 we invested in software that enables the management of job applications in an entirely digital environment, allowing us to achieve paperless operations in all our locations. In 2023, we plan to continue our existing policies aimed at reducing our carbon footprint by encouraging remote work, implementing recycling and waste reduction programs, promoting smart travel and reducing air travel, and educating our staff on the risks of global warming.

Furthermore, considering the disruption of energy supplies caused by the ongoing conflict in Ukraine, we will also be implementing additional energy-saving measures to reduce costs and carbon emissions. This includes updating outdated equipment, implementing digital temperature control solutions, and potentially collaborating with property owners to improve the energy efficiency of the buildings we lease.

Management's Review

Social and Personnel Matters

At FFW Group, our purpose is to provide our team members with a fulfilling work experience and a sense of community, supported by our strong corporate culture based on values such as integrity, respect, trust, focus, stability, and passion. We place a strong emphasis on professional development, offering a range of courses, trainings, and conferences to our team member to ensure they are continuously updating their knowledge and skills.

In terms of material risks, we consider the ongoing war in Ukraine and public health issues such as COVID-19 as the main challenges in the field of social and team member conditions. This can lead to high operational costs, suboptimal customer experience and social responsibility issues. We have implemented measures to protect the health and safety of our team members during the COVID-19 pandemic, such as providing protective equipment and additional health insurance options.

In accordance with our ongoing commitment to team members health and well-being, the Company has updated its COVID-19 Code of Conduct to align with the latest hygiene and distance recommendations issued by public health authorities. Furthermore, following a comprehensive survey of our workforce, the Company has adopted Guidelines for Working from Home and a Policy on FFW Group as a Hybrid Workspace. Our decision to implement hybrid workplaces as a permanent solution post-COVID-19 reflects our recognition of the benefits of both office environments for social interaction and the advantages of working from home for immersion and balancing family and work duties.

To support the well-being of team members working from home, the Company encourages regular breaks and discourages working beyond normal working hours. Additionally, we have implemented guidelines for physical and mental health as part of our newly introduced policies.

In collaboration with a partner organization, the Company is also in the process of providing team members who have chosen to work from home with appropriate equipment, such as laptops, monitors, office chairs, and headphones, to safeguard their physical health.

In 2022, the Company adopted its Code of Ethics and Business Conduct, which reaffirms our commitment to maintaining a safe and healthy workspace for all team members and promoting diversity and inclusion, preventing harassment and discrimination, and maintaining effective communication with our workforce. Additionally, we have continued to maintain a zero-tolerance policy for any form of abuse or harassment of colleagues and for any unwanted verbal or physical conduct (sexual or otherwise) or degrading jokes related to race, color, age, gender, and sexual orientation. Our Whistleblowing Policy and channels for reporting misconduct have been fully operational throughout the year and team members have been encouraged to utilize them whenever necessary.

The Company also places a strong emphasis on team member engagement and provides opportunities for skill development and professional growth. In 2022, we supported and sponsored our team members in attaining different professional certifications and launched our internal FFW Academy to provide educational services for both our team members and external interested parties.

Looking ahead to 2023, the Company remains committed to creating the best possible workplace by fostering inclusion and building teams with diverse skills, backgrounds, and experience. We will continue to collect and analyze data as a baseline for measuring progress on our level of diversity and introduce initiatives across the team members lifecycle according to data insights and business strategy.

Human Rights

As a responsible corporation, FFW Group recognizes the vital importance of upholding human rights in all aspects of its operations. While we acknowledge that our business activities may have a limited impact on the preservation of human rights, we are committed to taking appropriate measures to mitigate any potential negative influence.

We have conducted a thorough assessment of potential human rights risks associated with our business and the countries in which we operate. Our analysis identified inappropriate work environments and labor practices at suppliers, as well as discrimination and harassment of team members, as the primary internal human rights risks. The ongoing war in Ukraine poses the primary external threat to human rights.

Despite the fact that FFW Group operates in a business sector that does not involve the production of physical goods and is characterized by a low risk of human rights violations, IT service companies can sometimes adopt business models that prioritize speed of delivery over safety, which may lead to corners being cut on safety measures. Additionally, new team members may not be fully aware of FFW Group's strong culture of non-discrimination and harassment prevention and may be subject to pressure to deliver results within unreasonable deadlines and at the cost of longer working hours.

To address these concerns, FFW Group has established an internal whistle-blowing system, through which team members can report any concerns related to human rights violations and seek correction and remedies. Reports can be submitted directly to top-level management, and the anonymity of whistleblowers is ensured to prevent retaliation.

In 2022, FFW Group strengthened its commitment to human rights by developing and implementing the Code of Ethics and Business Conduct. This code formalizes our support for a range of global human rights principles and establishes measures for assessing and mitigating risks that negatively impact human rights in our business activities. The development of the Code of Ethics and Business Conduct involved input and advice from FFW Group companies and stakeholders across our organization.

To further raise awareness among team members about human rights violations, FFW Group incorporated new hire onboarding programs in 2022 that focused on workforce management, including the prevention of long working hours and harassment, as well as mental health measures. We also implemented measures to monitor trends in monthly overtime and to issue warnings and guidance to business divisions that exceed designated levels, as well as implementing necessary corrective measures. In addition, we implemented measures to address harassment issues that are tailored to the specific conditions at each FFW company.

Management’s Review

Finally, we strive to ensure that our IT services suppliers also respect human rights through sustainable procurement practices. In 2022, we continued to pre-screen and continuously monitor our suppliers and sub-contractors for compliance with human rights treaties, national laws, and ethical norms. This has allowed us to work only with partners whose values and behavior align with our principles and respect for human rights.

In our commitment to uphold the principles of equality, dignity, and rights for all individuals, we at have integrated accessibility best practices into our service offerings and products. This includes ensuring that our online environment is accommodating for individuals with disabilities, such as hearing loss or vision impairment, as well as catering to the needs of individuals with attention-deficit hyperactivity disorder, autism, and Alzheimer's disease.

We are pleased to report that in 2022, we were not made aware of any severe cases of human rights violations within our company. Additionally, in response to the ongoing war in Ukraine, FFW Group organized an internal crowdfunding exercise to support the Ukrainian people.

As we move forward into 2023, we are committed to taking further steps towards implementing a stronger and more integrated approach to human rights compliance. This includes ensuring that our Code of Ethics and Business Conduct is appropriately monitored and consistently applied throughout our organization.

Anti Corruption

In terms of anti-corruption measures, FFW Group recognizes the detrimental impact of corruption and bribery on sustainable development and fair trade. As such, we have implemented an Anti-Bribery and Corruption Policy that prohibits any actions that are inappropriate or lacking in propriety and outlines our approach to maintaining appropriate business relationships with government officials, clients, vendors, and business partners.

As the markets for IT technology services are often new and expanding, the main risks around corruption relating to FFW Group’s business activity continue to be associated with the different cultural differences in attitudes towards corruption across the globe. Facilitation payments made to speed up or secure routine and non-discretionary governmental action may serve as excuse for violating ethical business practices. Moreover, any gifts, meals, entertainments, travel and lodging provided or received by FFW employees in the course of business conduct need to be carefully assessed against criteria such as reasonable value, compliance with legitimate business purposes, laws and clients’ policies.

In 2022, we continued to train key individuals in our organization to recognize, register, and report any incidents of corruption. We are pleased to report that we did not experience any cases of corruption in 2022.

In 2023, we will continue to monitor the application of our Anti-Bribery and Corruption Policy throughout our organization and will take action if any areas for improvement are identified.

Management's Review

Data Ethics

In the realm of data ethics, FFW Group is acutely aware of the potential ethical dilemmas arising from technological advancements and the extensive use of data. Our commitment to ethical data practices is rooted in compliance with applicable data and privacy laws and regulations, as well as a respect for the data and personal information of our team members, customers, and business partners.

In the preceding year, FFW Group's business model remained unchanged, and we have not engaged in the development of innovative technologies utilizing data, artificial intelligence, or similar technologies, big-data analytics, or algorithms processing large-scale data, profiling, or automated decision-making. Our data processing primarily pertains to personal data of our job applicants and team members, as well as data accessed in the course of our work with clients.

Despite this, to demonstrate our commitment to ethical data processing, FFW Group has implemented a comprehensive framework of policies and procedures in 2022 that are in line with globally accepted privacy and data protection principles. These policies are applied, where feasible, to both personal and non-identifiable aggregate business data.

In addition to the Data Protection, Data Subject Rights, Data Retention and Safe Destruction, and Data Breach Management Policies that were adopted in 2021, FFW Group has developed Data Processing Agreements, Data Processing Audit and Supervision, and Data Processing Impact Assessment Procedures. These procedures aim to ensure that third parties working with FFW Group adhere to the same standards in data protection and are fully dedicated to ensuring ethical data processing. The Data Processing Impact Assessment Procedure ensures that any potential new data processing technologies that may benefit FFW Group's commercial interests are carefully balanced against the ethical principles of transparency and respect for the choices of customers and team members.

In 2023, FFW Group aims to train all existing and new team members in responsible data processing through both general and dedicated training events aimed at specific units within our organization, such as the HR, Marketing, and Sales Departments.

Diversity and Inclusion in Corporate Governance

FFW Group is committed to promoting diversity and inclusion within our corporate governance practices. In line with Danish legislation, the company has set a target to have at least one female member on the Board of Directors by 2024. As of the end of the current fiscal year, the Board of Directors of FFW Group consists of two male members, both of whom are team members of the owner/investor organization. This composition remains unchanged from the prior year, as no changes were made to the Board during the last general assembly.

As we look to the future, we recognize the importance of having a diverse and inclusive Board of Directors. Studies have shown that companies with diverse boards tend to perform better financially, and a balanced representation of genders can provide a wider range of perspectives and ideas. We are committed to actively seeking out qualified female candidates to join our Board and will continue to monitor our progress towards our diversity and inclusion targets.

We also understand that diversity and inclusion go beyond gender, and we are committed to promoting a culture of diversity and inclusion across all aspects of our business, including but not limited to race, ethnicity, sexual orientation, and physical abilities. We believe that the diversity of our workforce is one of our greatest strengths, and we will continue to make efforts to ensure that our company is a welcoming and inclusive place for all team members.

In conclusion, FFW Group is committed to promoting diversity and inclusion within our corporate governance practices and will continue to strive for a gender-balanced Board of Directors as we move forward. We are dedicated to fostering a culture of inclusivity and promoting the representation of underrepresented groups within the company, to ensure that our business is representative of the diverse society we serve.

FFW Group maintains a zero-tolerance policy for any form of discrimination and is committed to increasing the representation of women in management positions.

To achieve to increase a higher female representation throughout the company and the management, the company initiated a program in 2020 that includes coding competitions and career events at universities worldwide as a recruiting strategy. The aim is to reach a 40% female team members representation, with a long-term goal of achieving a 50/50 gender ratio among team members, including management positions. Currently, the company has several successful women in top management positions such as CEO Americas/Global COO, Sales VP Americas, VP Experience Europe, VP Promotion Compensation Americas, Director Operations both in Europe and Americas, and the Managing Directors of the two Ukrainian entities.

Publishing a vision statement that outline our commitment to achieving gender diversity in management:

- Creating an action plan for achieving gender diversity targets;

- Enabling employees to internalise a diversity-friendly workplace culture (e.g., through training on stereotypes or events such as a "(Gender) Diversity Day);

- Guiding employees in balancing family and professional life (e.g., through toolkits, an in-house contact person for consultation or group discussions);

- Revising career paths to ensure they are equally appealing and feasible for female and male employees alike;

- Motivating and preparing female employees for management positions (e.g., through mentoring, coaching or training);

Management’s Review

• Promoting role models for gender diversity management (e.g., female leaders or male employees attending to their family duties).

Statement on gender composition

Uncertainty relating to recognition and measurement

There were no uncertainties in the recognition and measurement of information in the Annual Report.

Unusual events

In terms of unusual events, we consider the ongoing war in Ukraine as a major challenge. This can lead to suboptimal customer experience and social responsibility issues. To mitigate these risks, we have prioritized the safety of our team members in Ukraine, assisting those who desired to relocate and providing additional financial assistance and resources to those unable to reach the office.

Subsequent events

FFW Danmark has acquired the German digital agency, Yours Truly GmbH. The change of control occurred on January 17, 2023.

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date. There are no other subsequent events beyond the mentioned above.

Income Statement 1 January - 31 December

	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
		DKK	DKK	DKK	DKK
Revenue	1	**587.170.284**	**382.565.516**	**12.327.081**	**7.673.166**
Other operating income		1.119.952	1.722.292	0	0
Other external expenses		-164.904.553	-89.664.269	-7.382.802	-2.487.302
Gross profit/loss		**423.385.683**	**294.623.539**	**4.944.279**	**5.185.864**
Staff expenses	2	-306.983.672	-216.974.899	-6.407.839	-4.888.027
Profit/loss before financial income, financial expenses, depreciation, and amortization (EBITDA)		**116.402.011**	**77.648.640**	**-1.463.560**	**297.837**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-55.903.252	-39.626.399	0	-17.636
Profit/loss before financial income and expenses (EBIT)		**60.498.759**	**38.022.241**	**-1.463.560**	**280.201**
Income from investments in subsidiaries	4	0	0	29.479.711	17.685.934
Financial expenses	5	-6.113.373	-13.827.943	-688.764	-9.397.455
Profit/loss before tax		**54.385.386**	**24.194.298**	**27.327.387**	**8.568.680**
Tax on profit/loss for the year	6	-26.268.016	-13.762.067	-336.878	1.863.552
Net profit/loss for the year		**28.117.370**	**10.432.231**	**26.990.509**	**10.432.232**

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Acquired licenses		763.085	504.364	511.975	0
Acquired customer contracts		57.261.160	68.955.340	0	0
Goodwill		117.188.490	161.980.294	0	0
Intangible assets	7	**175.212.735**	**231.439.998**	**511.975**	**0**
Plant and machinery		11.529.717	12.662.377	14.302	22.473
Property, plant and equipment	8	**11.529.717**	**12.662.377**	**14.302**	**22.473**
Investments in subsidiaries	9	0	0	294.193.646	307.913.935
Fixed asset investments		**0**	**0**	**294.193.646**	**307.913.935**
Fixed assets		**186.742.452**	**244.102.375**	**294.719.923**	**307.936.408**
Trade receivables		134.946.071	104.688.394	0	0
Contract work in progress	10	7.639.372	4.298.453	0	0
Other receivables		11.016.008	14.009.693	0	2.420.223
Deferred tax asset	14	293.622	199.562	5.770	5.775
Corporation tax		0	1.125.980	5.400.292	3.805.181
Prepayments	11	5.979.144	3.997.824	512.995	104.895
Receivables		**159.874.217**	**128.319.906**	**5.919.057**	**6.336.074**
Cash at bank and in hand		**62.380.122**	**36.499.959**	**692.897**	**0**
Currents assets		**222.254.339**	**164.819.865**	**6.611.954**	**6.336.074**
Assets		**408.996.791**	**408.922.240**	**301.331.877**	**314.272.482**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Share capital		50.001	50.001	50.001	50.001
Share premium account		76.908.718	76.908.718	76.908.718	76.908.718
Reserve for net revaluation under the equity method		0	0	10.579.357	24.299.646
Retained earnings		71.152.427	45.130.833	69.812.182	28.997.488
Equity attributable to shareholders of the Parent Company		**148.111.146**	**122.089.552**	**157.350.258**	**130.255.853**
Minority interests		1.301.999	478.835	0	0
Equity	12	**149.413.145**	**122.568.387**	**157.350.258**	**130.255.853**
Provision for deferred tax	14	7.573.661	9.328.866	0	0
Provisions		**7.573.661**	**9.328.866**	**0**	**0**
Borrowings		63.002.028	84.001.292	63.002.028	84.001.292
Other payables		0	32.614.964	0	32.614.963
Long-term debt	15	**63.002.028**	**116.616.256**	**63.002.028**	**116.616.255**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Borrowings	15	61.545.286	36.232.414	21.539.154	21.540.566
Trade payables		11.678.053	5.935.258	3.469.916	214.163
Contract work in progress, liabilities	10	57.521.278	56.384.383	0	0
Payables to group enterprises		18.042.986	20.745.930	52.809.325	45.025.500
Corporation tax		4.656.494	3.675.119	0	0
Other payables	15	35.563.860	37.435.627	3.161.196	620.145
Short-term debt		**189.007.957**	**160.408.731**	**80.979.591**	**67.400.374**
Debt		**252.009.985**	**277.024.987**	**143.981.619**	**184.016.629**
Liabilities and equity		**408.996.791**	**408.922.240**	**301.331.877**	**314.272.482**

Distribution of profit	13
Contingent assets, liabilities and other financial obligations	18
Related parties	19
Fee to auditors appointed at the general meeting	20
Accounting Policies	21

Statement of Changes in Equity

Group

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	50.001	76.908.718	0	45.130.834	122.089.553	478.835	122.568.388
Exchange adjustments	0	0	0	-1.272.613	-1.272.613	0	-1.272.613
Net profit/loss for the year	0	0	0	27.294.206	27.294.206	823.164	28.117.370
Equity at 31 December	**50.001**	**76.908.718**	**0**	**71.152.427**	**148.111.146**	**1.301.999**	**149.413.145**

Parent

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	50.001	76.908.718	24.299.646	28.997.488	130.255.853	0	130.255.853
Exchange adjustments relating to foreign entities	0	0	0	103.896	103.896	0	103.896
Net profit/loss for the year	0	0	-13.720.289	40.710.798	26.990.509	0	26.990.509
Equity at 31 December	**50.001**	**76.908.718**	**10.579.357**	**69.812.182**	**157.350.258**	**0**	**157.350.258**

Cash Flow Statement 1 January - 31 December

	Note	Group 2022	Group 2021
		DKK	DKK
Net profit/loss for the year		28.117.370	10.432.231
Adjustments	16	87.012.028	68.336.739
Change in working capital	17	-27.578.306	-25.386.306
Cash flows from operating activities before financial income and expenses		**87.551.092**	**53.382.664**
Financial expenses		-6.113.373	-13.827.945
Cash flows from ordinary activities		**81.437.719**	**39.554.719**
Corporation tax paid		-26.009.926	-17.352.519
Cash flows from operating activities		**55.427.793**	**22.202.200**
Purchase of intangible assets		6.411.135	-90.001.257
Purchase of property, plant and equipment		-4.954.465	-4.800.144
Acquired deferred tax liability		0	2.589.778
Cash flows from investing activities		**1.456.670**	**-92.211.623**
Loans obtained or repaid, net		-28.301.356	15.512.968
Change in payable to group companies		-2.702.944	-169.230
Net effect from merger and acquisition under the uniting of interests method		0	43.360.214
Cash flows from financing activities		**-31.004.300**	**58.703.952**
Change in cash and cash equivalents		**25.880.163**	**-11.305.471**
Cash and cash equivalents at 1 January		36.499.959	47.805.430
Cash and cash equivalents at 31 December		**62.380.122**	**36.499.959**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		62.380.122	36.499.959
Cash and cash equivalents at 31 December		**62.380.122**	**36.499.959**

Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
1 Revenue				
Geographical segments				
Denmark	26.036.130	34.750.173	10.113.682	7.673.166
Europe	221.674.837	145.035.194	2.213.399	0
USA & rest of the world	339.459.317	202.780.149	0	0
	587.170.284	**382.565.516**	**12.327.081**	**7.673.166**

	Group		Parent	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
2 Staff expenses				
Wages and salaries	279.563.582	187.430.789	5.976.590	4.511.125
Pensions	17.999.399	8.435.042	391.171	364.980
Other social security expenses	6.665.343	17.932.302	12.396	11.922
Other staff expenses	2.755.348	3.176.766	27.682	0
	306.983.672	**216.974.899**	**6.407.839**	**4.888.027**
Including remuneration to the Executive Board of:				
Executive Board	6.407.840	4.888.028	6.407.840	4.888.028
	6.407.840	**4.888.028**	**6.407.840**	**4.888.028**
Average number of employees	**639**	**490**	**2**	**2**

Notes to the Financial Statements

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group 2022	Group 2021	Parent 2022	Parent 2021
	DKK	DKK	DKK	DKK
Amortisation of intangible assets	49.816.127	34.549.230	0	0
Depreciation of property, plant and equipment	6.087.125	5.077.169	0	17.636
	55.903.252	**39.626.399**	**0**	**17.636**
Which is specified as follows:				
Acquired customer contracts	8.573.196	8.573.196	0	0
Goodwill	41.242.931	25.976.034	0	0
Plant and machinery	6.087.125	5.077.169	0	17.636
	55.903.252	**39.626.399**	**0**	**17.636**

4 Income from investments in subsidiaries

	Parent 2022	Parent 2021
	DKK	DKK
Share of profits of subsidiaries	50.429.276	37.476.652
Amortisation of goodwill	-20.949.565	-19.790.718
	29.479.711	**17.685.934**

5 Financial expenses

	Group 2022	Group 2021	Parent 2022	Parent 2021
	DKK	DKK	DKK	DKK
Interest paid to group enterprises	414.000	420.078	414.000	420.078
Other financial expenses	5.699.373	13.407.865	274.764	8.977.377
	6.113.373	**13.827.943**	**688.764**	**9.397.455**

Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

6 Tax on profit/loss for the year

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Current tax for the year	28.802.760	16.250.154	336.883	-1.404.243
Deferred tax for the year	-2.534.744	-2.488.087	-5	-459.309
	26.268.016	**13.762.067**	**336.878**	**-1.863.552**

7 Intangible assets

Group

	Acquired licenses	Acquired customer contracts	Goodwill	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	7.911.183	85.761.962	302.772.801	396.445.946
Revaluation net effect from merger and acquisition	0	-3.120.984	-3.814.541	-6.935.525
Additions for the year	523.569	0	0	523.569
Cost at 31 December	8.434.752	82.640.978	298.958.260	390.033.990
Impairment losses and amortisation at 1 January	7.406.819	16.806.622	140.768.693	164.982.134
Amortisation for the year	264.848	8.573.196	41.001.077	49.839.121
Impairment losses and amortisation at 31 December	7.671.667	25.379.818	181.769.770	214.821.255
Carrying amount at 31 December	**763.085**	**57.261.160**	**117.188.490**	**175.212.735**
Amortised over	3-13 years	10 years	6-10 years	

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Plant and machinery
	DKK
Cost at 1 January	31.704.332
Additions for the year	4.954.465
Cost at 31 December	36.658.797
Impairment losses and depreciation at 1 January	19.041.955
Depreciation for the year	6.087.125
Impairment losses and depreciation at 31 December	25.129.080
Carrying amount at 31 December	**11.529.717**
Depreciated over	3 - 5 years

Notes to the Financial Statements

	Parent	
	2022	2021
	DKK	DKK
9 Investments in subsidiaries		
Cost at 1 January	283.614.290	245.208.686
Additions for the year	0	38.405.604
Cost at 31 December	283.614.290	283.614.290
Value adjustments at 1 January	24.299.645	6.613.711
Net profit/loss for the year	50.429.276	37.476.652
Dividend to the Parent Company	-43.200.000	0
Amortisation of goodwill	-20.949.565	-19.790.718
Value adjustments at 31 December	10.579.356	24.299.645
Carrying amount at 31 December	**294.193.646**	**307.913.935**
Remaining positive difference included in the above carrying amount at 31 December	147.188.911	168.138.476

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
FFW Deutschland GmbH	Berlin, DE	25.000 EUR	100%
Bysted A/S	Copenhagen, DK	1.562.500 DKK	80%
FFW Danmark ApS	Copenhagen, DK	131.250 DKK	100%
FFW Germany GmbH	Hamburg, DE	225.000 EUR	100%
FFW France	Paris, FR	1.000 EUR	100%
FFW U.K. Limited	London, UK	100 GBP	100%
FFW Mykolaiv LLC	Mykolaiv, UKR	2.482 UAH	61%
FFW Service Delivery S.R.L.	Buchuresti, RU	200 RON	100%
FFW BULGARIA EOOD	Sofia, BUL	5.000 BNG	100%
FFW Dnipro LLC	Dnipro, UKR	15.000 UAH	90%
FFW Vietnam LLC	Hanoi, VN	4.334.600k VND	100%
FFW LLC	Holmdel, NJ, US	100 USD	100%
ForFutureWeb S.R.L.	Chisinau, MD	7.577 MDL	100%

Notes to the Financial Statements

		Group		Parent	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
10	**Contract work in progress**				
	Selling price of work in progress	297.131.567	211.603.988	0	0
	Payments received on account	-347.013.473	-263.689.918	0	0
		-49.881.906	**-52.085.930**	**0**	**0**
	Recognised in the balance sheet as follows:				
	Contract work in progress recognised in assets	7.639.372	4.298.453	0	0
	Prepayments received recognised in debt	-57.521.278	-56.384.383	0	0
		-49.881.906	**-52.085.930**	**0**	**0**

11 Prepayments

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

12 Equity

The share capital consists of 50,001 shares of a nominal value of DKK 1. No shares carry any special rights.

13 Distribution of profit

	Group 2022 DKK	Group 2021 DKK	Parent 2022 DKK	Parent 2021 DKK
Reserve for net revaluation under the equity method	0	0	-13.720.289	17.685.934
Transfer for the year to other reserves	0	369.452	0	0
Minority interests' share of net profit/loss of subsidiaries	823.164	0	0	0
Retained earnings	27.294.206	10.062.779	40.710.798	-7.253.702
	28.117.370	**10.432.231**	**26.990.509**	**10.432.232**

Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK

14 Provision for deferred tax

Provision for deferred tax at 1 January	9.129.304	8.958.860	-5.775	-1.851.716
Amounts recognised in the income statement for the year	-1.849.265	170.444	5	1.845.941
Provision for deferred tax at 31 December	**7.280.039**	**9.129.304**	**-5.770**	**-5.775**

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Borrowings				
Between 1 and 5 years	63.002.028	84.001.292	63.002.028	84.001.292
Long-term part	63.002.028	84.001.292	63.002.028	84.001.292
Other short-term debt to credit institutions	61.545.286	36.232.414	21.539.154	21.540.566
	124.547.314	**120.233.706**	**84.541.182**	**105.541.858**
Other payables				
Between 1 and 5 years	0	32.614.964	0	32.614.963
Long-term part	0	32.614.964	0	32.614.963
Other short-term payables	35.563.860	37.435.627	3.161.196	620.145
	35.563.860	**70.050.591**	**3.161.196**	**33.235.108**

Notes to the Financial Statements

	Group 2022	Group 2021
	DKK	DKK
16 Cash flow statement - adjustments		
Financial expenses	6.113.373	13.827.943
Depreciation, amortisation and impairment losses, including losses and gains on sales	55.903.252	39.626.399
Tax on profit/loss for the year	26.268.016	13.762.067
Exchange adjustments	-1.272.613	1.120.330
	87.012.028	**68.336.739**

	Group 2022	Group 2021
17 Cash flow statement - change in working capital		
Change in receivables	-32.586.232	-63.485.144
Change in trade payables, etc	5.007.926	38.098.838
	-27.578.306	**-25.386.306**

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been pledged as security for borrowings of 105 mDKK:

100% of the shares in FFW DK. All intragroup loans against FFW Group ApS. The parent company has guaranteed for a subsidiary's bank loan in the amount of 6 mEUR.

Rental and lease obligations

	Group 2022	Group 2021	Parent 2022	Parent 2021
	DKK	DKK	DKK	DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	9.257.058	10.920.447	0	0
Between 1 and 5 years	27.572.924	35.022.759	0	0
	36.829.982	**45.943.206**	**0**	**0**

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

19 Related parties

	Basis
Controlling interest	
Celine Sieben GmbH, Munich, Germany.	Majority Shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Celine Sieben GmbH, Munich, Germany.

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting

	Group		Parent	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
PricewaterhouseCoopers				
Audit fee	695.000	669.438	530.000	562.938
Tax advisory services	87.750	339.580	87.750	339.580
Other services	766.059	111.500	746.059	0
	1.548.809	**1.120.518**	**1.363.809**	**902.518**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of FFW Group ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2022 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, FFW Group ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to

21 Accounting Policies (continued)

fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any changes in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

Uniting of interests

Pooling of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Minority interests

Minority interests form part of the Group’s total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Notes to the Financial Statements

21 Accounting Policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

21 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 6-10 years.

Acquired customer contracts are measured at cost less accumulated amortisation. Acquired customer contracts are amortised on a straight-line basis over useful life, which is assessed at 10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 13 years.

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

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3 - 5 years

Notes to the Financial Statements

21 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 31,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

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

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expen-

Notes to the Financial Statements

21 Accounting Policies (continued)

ses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Equity

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
EBITDA margin	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$