Stibo DX A/S

Axel Kiers Vej 11, DK-8270 Højbjerg

CVR No. 41 91 58 11

Annual report 2020/21

Approved at the Company's annual general meeting on 24 June 2021

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Stibo DX A/S for the financial year 1 May 2020 – 30 April 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 30 April 2021 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 May 2020 – 30 April 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Højbjerg, 24 June 2021
Executive Board:

Dan Korsgaard
CEO

Board of Directors:

Sten Dyrmose Chairman	Dan Korsgaard	Søren Strøm

Independent auditor's report

To the shareholders of Stibo DX A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Stibo DX A/S for the financial year 1 May 2020 – 30 April 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2021 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2020 – 30 April 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Aarhus, 24 June 2021
EY Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Morten Friis State Authorised Public Accountant mne32732	Søren Jensen State Authorised Public Accountant mne34132

Management's review

Company details

Name	Stibo DX A/S
Address	Axel Kiers Vej 11, DK-8270 Højbjerg
CVR no.	41 91 58 11
Established	25 February 1927
Registered office	Aarhus
Financial year	1 May – 30 April
Website	www.stibodx.com
Telephone	+45 8733 5588
Board of Directors	Sten Dyrmose, Chairman Dan Korsgaard Søren Strøm
Executive Board	Dan Korsgaard, CEO
Auditors	EY Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8100 Aarhus C

Management's review

Financial highlights

Amounts in DKK'000

Consolidated profit and loss statement	**2020/21**	**2019/20**	**2018/19**	**2017/18**	**2016/17**
Revenue	183,449	195,678	157,237	161,170	169,002
Gross profit	134,425	141,563	113,510	117,936	120,458
Operating profit	9,310	19,908	11,018	13,796	6,136
Profit from financial income and expenses, net	-1,286	546	-376	382	463
Profit before tax	8,024	20,454	10,642	14,178	6,599
Profit for the year	11,855	15,673	8,473	10,753	7,266
Consolidated balance sheet					
Non-current assets	25,110	29,223	29,472	5,840	7,932
Current assets	140,196	143,906	124,005	135,225	120,161
Total assets	165,306	173,129	153,477	141,065	128,093
Share capital	30.000	30.000	30.000	30.000	30.000
Equity	112,099	101,066	85,884	83,607	71,842
Provisions	0	3,250	7,465	0	0
Current liabilities	53,207	64,541	56,514	57,458	56,251
Key figures and ratios					
Investments in tangible assets	1,899	602	199	601	595
Free cash-flow					
Operating margin	5.1%	102.0%	7.0%	8.6%	3.6%
Return on invested capital	7.4%	17.5%	14.4%	27.1%	14.4%
Gross Margin	73.3%	72.3%	72.2%	73.2%	71.3%
Solvency ratio	67.8%	58.4%	56.0%	59.3%	56.1%
Return on equity	11.1%	16.8%	10.0%	13.8%	9.9%
Average number of employees	193	180	159	170	186

For terms and definitions, please see the accounting policies.

Management's review

Operating review

Stibo DX's mission is to provide software solutions that support entities' needs for creating and distributing high-quality content efficiently through all digital channels.

Stibo DX is headquartered in Aarhus (Denmark) and has offices in Atlanta (USA), Hamburg (Germany), Oslo (Norway) and Dhaka (Bangladesh).

In the financial year, the Stibo DX solution CUE was ranked as the best editorial system by the German industry magazine Kress Pro. Furthermore, the University of Missouri assessed the CUE DAM solution to be the most ambitious solution on the market. This reflects the heavy investments made over the years in developing the Stibo DX software solution.

In the preceding year, Stibo DX acquired the German company Digital Collections, and thus added not only a product but also qualifications for digital asset handling (DAM) to its portfolio. Today, Digital Collections is fully integrated in Stibo DX. Traditionally, Stibo DX's customers are the largest media houses in the world within News.

In the financial year, Stibo DX executed and completed an extensive strategy process. Stibo DX has launched a multi-year strategic investment in the development of a new DXP (Digital Experience Platform) market vertical.

The CUE Content Hub solution allows brands and retailers to engage, win and grow customers through a personalised product experience across digital channels on the customer journey.

Stibo DX will approach the DXP market in close cooperation with the affiliated company Stibo Systems, a leading supplier of Master Data Management (MDM) solutions.

As is the case for many companies, Stibo DX has been impacted by the COVID-19 pandemic, but has, to a very large extent, been able to work 100% virtually across locations and geographies. Profit for the year is considered satisfactory.

Many of Stibo DX's customers have been negatively affected by the COVID-19 pandemic, but expectations are that the gradual return to normal everyday life will have a limited impact on order intake and revenue in the coming financial year for Stibo DX's traditional markets within News.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the financial statement presented.

Outlook

Stibo DX expects to report a loss in the coming financial year in the range of DKK 15 million, which solely relates to heavy investments in DXP. On its own, the current News business will generate solid returns. The risk level for the latter will remain unchanged.

Particular risks

Currency risks

The Group is exposed to changes in exchange rates as the majority of the Group's revenue is settled in foreign currencies.

Interest rate risks

Due to its equity ratio and financial resources, the Group is only exposed to changes in the interest rate level to a minor extent.

Management's review

Credit risks

Before new business relations are initiated, a credit rating of the customer is made, and if appropriate and possible, credit risks are hedged by means of insurances with credit insurance companies. The Group reduces credit risks by issuing progress billings as work progresses.

Statutory corporate social responsibility statement under section 99a of the Danish Financial Statements Act

For a statement on corporate social responsibility, please see the annual report of the parent company, STIBO-FONDEN.

Goals and policies for the underrepresented gender under section 99b of the Danish Financial Statements Act

Board of Directors

In selecting new candidates for Stibo DX' Board of Directors, emphasis is placed on specific professional and personal skills, qualifications and experience. Stibo DX believes that a diverse and versatile composition of the board, including the gender distribution, contributes to an innovative organization and a positive working climate. Stibo DX has the objective of extending, as far as possible, the number of women in the board. Stibo DX has a goal that one of the members of the Board of Directors elected by the General Assembly should be a woman (representing 33% of the board members elected by the General Assembly) before 2025.

The Status in 2021 is that the board consists of 3 members elected by the General Assembly. In Stibo Group the board of directors in all subsidiaries always consists of the CEO (chairman) and the CFO of Stibo A/S and the CEO of Stibo DX. None of these are females, therefore also none of the board members in Stibo DX are females.

Stibo DX management

Stibo DX has defined an objective of increasing, as far as possible, the number of women in the management, emphasis is placed on specific professional and personal skills, qualifications and experience. Stibo DX aspires to have one of each gender represented under final hiring rounds.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Income statement

		Consolidated		Parent Company	
Note	DKK'000	2020/21	2019/20	2020/21	2019/20
	Revenue	183,449	195,678	165,655	173,253
	Raw materials and consumables	-14,243	-13,729	-64,522	-68,592
	Other external expenses	-34,781	-40,386	-26,161	-24,002
	Gross profit	134,425	141,563	74,972	80,659
2	Staff costs	-119,418	-115,345	-66,924	-64,758
3	Depreciation, amortisation and impairment losses	-5,697	-6,310	-4,220	-1,229
	Operating profit	9,310	19,908	3,828	14,672
9	Profit of group entities after tax	0	0	3,251	3,490
4	Financial income	119	1,309	78	1,171
5	Financial expenses	-1,405	-763	-1,047	-431
	Profit before tax	8,024	20,454	6,110	18,902
6	Tax on profit for the year	3,831	-4,781	5,745	-3,247
	Profit for the year	11,855	15,673	11,855	15,655

Proposed profit allocation

DKK'000		
Proposed dividends	50,000	0
Transfer to reserve for net revaluation according to the equity method	3,251	3,490
Retained earnings	-41,396	12,183
	11,855	15,673

Consolidated financial statements and parent company financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	Consolidated 30 April 2021	Consolidated 30 April 2020	Parent Company 30 April 2021	Parent Company 30 April 2020
	ASSETS				
	Non-current assets				
7	**Intangible assets**				
	Goodwill	11,029	12,447	0	0
	Other intangible assets	8,929	11,326	10,714	0
		19,958	23,773	10,714	0
8	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	1,976	1,299	125	125
	Non current financial assets				
9	Investments in group entities	0	0	48,254	73,874
	Deposits	3,176	4,151	2,218	2,189
		3,176	4,151	50,472	76,063
	Total non-current assets	25,110	29,223	61,311	76,188
	Current assets				
	Receivables				
	Trade receivables	11,903	19,120	5,848	13,240
	Receivables from group entities	61,344	77,437	61,344	57,110
10	Deferred tax asset	4,187	3,310	2,529	404
	Corporation tax	3,107	102	3,216	0
	Other receivables	5,765	913	6,061	726
	Prepayments	5,808	5,456	4,918	4,052
		92,114	106,338	83,916	75,532
	Cash	48,082	37,568	15,451	13,619
	Total current assets	140,196	143,906	99,367	89,151
	TOTAL ASSETS	165,306	173,129	160,678	165,339

Consolidated financial statements and parent company financial statements 1 May – 30 April

Balance sheet

Note	DKK'000	Consolidated 30 April 2021	Consolidated 30 April 2020	Parent Company 30 April 2021	Parent Company 30 April 2020
	EQUITY AND LIABILITIES				
11	**Equity**				
	Share capital	30,000	30,000	30,000	30,000
	Reserve for net revaluation according the equity method	0	0	2,483	3,653
	Currency revaluation reserve	-822	0	0	0
	Retained earnings	32,921	71,066	29,616	67,413
	Proposed dividends	50,000	0	50,000	0
	Total equity	112,099	101,066	112,099	101,066
	Provisions				
10	Deferred tax	0	3,250	0	0
	Total provisions	0	3,250	0	0
	Liabilities				
12	**Non-current liabilities**				
	Other payables	0	4,272	0	4,272
	Total non-current liabilities	0	4,272	0	4,272
	Current liabilities				
	Prepayments from customers	27,200	27,290	12,497	11,382
13	Prepayments for contract work in progress	1,506	5,999	781	3,823
	Trade payables	2,395	1,065	1,682	884
	Payables to group entities	0	0	24,541	21,773
	Corporation tax	4,378	2,649	0	2,187
	Other payables	17,728	27,538	9,078	19,952
	Total current liabilities	53,207	64,541	48,579	60,001
	Total liabilities	53,207	68,813	48,579	64,273
	TOTAL EQUITY AND LIABILITIES	165,306	173,129	160,678	165,339

1 Accounting policies
14 Mortgages, collateral and contingent liabilities
15 Lease obligations
16 Related parties

Consolidated financial statements and parent company financial statements 1 May – 30 April

Statement of changes in equity

DKK'000	Consolidated				
	Share capital	Retained earnings	Currency revaluation reserve	Proposed dividends	Total
Equity at 1 May 2020	30,000	71,066	0	0	101,066
Profit for the year	0	-38,145	0	50,000	11,855
Foreign exchange adj. on the translation of foreign entities	0	0	-822	0	-822
Equity at 30 April 2021	30,000	32,921	-822	50,000	112,099

DKK'000	Parent Company				
	Share capital	Retained earnings	Net revaluation acc. to the equity method	Proposed dividends	Total
Equity at 1 May 2020	30,000	67,413	3,653	0	101,066
Addition from Merger	0	3,599	-3,599	0	0
Profit for the year	0	-41,396	3,251	50,000	11,855
Foreign exchange adj. on the translation of foreign entities	0	0	-822	0	-822
Equity at 30 April 2021	30,000	29,616	2,483	50,000	112,099

Consolidated financial statements and parent company financial statements 1 May – 30 April

Cash flow statement

Note	DKK'000	Consolidated 2020/21	Consolidated 2019/20
	Operating profit	9,310	19,908
3	Depreciation	4,728	4,969
	Cash generated from operations (operating activities) before changes in working capital	14,038	24,877
	Changes in working capital	-6,907	294
	Cash flows from operating activities	7,131	25,171
4	Financial income	119	1,309
5	Financial expenses	-1,405	-763
	Other adjustments	-490	258
	Cash generated from operations (ordinary activities)	5,355	25,975
	Corporation tax paid	-1,572	-2,521
	Cash flows from operating activities	3,783	23,454
8	Acquisition of plant and equipment	-1,899	-602
	Acquisition of investments deferred payments	-7,440	-3,735
	Cash flows from investing activities	-9,339	-4,337
	Changes in receivables from group entities	16,093	-42,704
	Dividend distributed	0	0
	Cash flows from financing activities	16,093	-42,704
	Cash flows for the year	10,537	-23,587
	Cash and cash equivalents at 1 May	37,568	61,871
	Exchange gains/losses on cash and cash equivalents	-23	-716
	Cash and cash equivalents at 30 April	48,082	37,568

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies**

The annual report of Stibo DX A/S for 2020/21 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Pursuant to section 96(3) of the Danish Financial Statements Act, reference is made to the annual report of STIBO-FONDEN for 2020/21 regarding auditors' fee.

Stibo DX A/S has been merges with the former subsidiaries Escenic A/S and CCI Asia ApS with accounting effect 1 May 2020. The mergers has been treated in accordance with the Book Value Method and thus comparative figures has not been restated.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Stibo DX A/S, and subsidiaries in which Stibo DX A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date. Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity. Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Income statement

Revenue

Revenue from the sale of goods and services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Contract work in progress in respect of delivery of large systems is recognised in revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). Revenue is recognised when total income and expenses relating to the construction contract and the stage of completion at the balance sheet date can be reliably measured, and when it is probable that future economic benefits, including payments, will flow to the Group.

Raw materials and consumables

Raw materials and consumables comprise purchases of goods and services for the year.

Other external expenses

Other external expenses comprise items primary to the activities of the Company for the year.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

Development costs regarding new products are expensed as incurred as the conditions for capitalisation are not considered to have been met. In practice, the development of new products cannot be separated from the continued maintenance of the Group's other products.

Depreciation and amortisation

Comprises amortisation of intangible assets and depreciation of property, plant and equipment.

Profits/losses from investments in group entities and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses and amortisation of goodwill.

The proportionate share of the results after tax of the associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Interest expenses are not capitalised.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Stibo Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Stibo Holding A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year, comprising current tax and changes in deferred tax for the year, is recognised in the income statement. The tax expense relating to changes in equity is recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Balance sheet

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 10 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

Other intangible assets

Other intangible assets comprise patents, rights and customer data bases, etc. acquired.

Other intangible assets are measured at cost less accumulated depreciation and amortisation. Other intangible assets are amortised on a straight-line basis over the expected useful lives, which are 5-10 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in group entities

Investments in group entities are measured according to the equity method.

Investments in group entities are measured in the balance sheet at the proportionate share of the enterprises' net asset value determined in accordance with the Parent Company's accounting policies less or plus unrealised intra-group gains and losses.

Group entities with negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the Parent Company's share of the net asset value if the amount

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the subsidiary's deficit.

Net revaluation of investments in group entities is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual work in progress is recognised in the balance sheet under either receivables or payables depending on the net value of the sales amount less progress billings and prepayments.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Payable and receivable joint taxation contributions are recognised in the balance sheet under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Liabilities other than provisions

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash as well as the Group's cash and cash at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Segment information

Stibo DX only operates within one segment.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

1 **Accounting policies (continued)**

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Operating profit/loss x 100}}{\text{Average operating assets}}$
Operating assets	Operating assets are total assets less cash
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

	DKK'000	Consolidated 2020/21	Consolidated 2019/20	Parent Company 2020/21	Parent Company 2019/20
2	**Staff costs**				
	Wages and salaries	106,482	105,324	61,854	59,943
	Pensions	4,917	4,893	4,513	4,224
	Other social security costs	8,019	5,128	557	591
		119,418	115,345	66,924	64,758
	Average number of employees	193	180	92	83

Pursuant to sections 98b, sub-section 3, of the Danish Financial Statements Act, there is no information about the remuneration to the Executive Board.

	DKK'000	Consolidated 2020/21	Consolidated 2019/20	Parent Company 2020/21	Parent Company 2019/20
3	**Depreciation, amortisation and impairment losses**				
	Goodwill	1,384	1,384	0	0
	Other intangible assets	2,373	3,010	3,409	0
	Fixtures and fittings, other plant and equipment	971	575	0	55
		4,728	4,969	3,409	55
	Minor new acquisitions	969	1,341	811	1,174
		5,697	6,310	4,220	1,229
4	**Financial income**				
	Interest income from group entities	0	0	0	53
	Other financial income	119	1,309	78	1,118
		119	1,309	78	1,171
5	**Financial expenses**				
	Interest expense to group entities	0	0	335	271
	Other financial expenses	1,405	763	712	160
		1,405	763	1,047	431
6	**Tax on profit for the year**				
	Current tax	255	5,109	-4,924	3,471
	Change in deferred tax	-4,086	-172	-821	-68
	Changes to prior year	0	-156	0	-156
		-3,831	4,781	-5,745	3,247

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

7 Intangible assets

DKK'000	Consolidated Goodwill	Consolidated Other intangible assets	Parent Company Other intangible assets
Cost at 1 May 2020	13,835	24,925	0
Foreign exchange adjustments in foreign enterprises	-41	-38	0
Additions	0	0	11,160
Additions related to merger	0	0	2,963
Cost at 30 April 2021	13,794	24,887	14,123
Amortisation charges at 1 May 2020	-1,388	-13,599	0
Foreign exchange adjustments in foreign enterprises	7	14	0
Amortisation charges	-1,384	-2,373	-3,409
Amortisation charges and impairment losses at 30 April 2021	-2,765	-15,958	-3,409
Carrying amount at 30 April 2021	11,029	8,929	10,714
Amortised over	5-10 years	5-10 years	5-10 years

8 Property, plant and equipment

DKK'000	Consolidated Fixtures and fittings other plant, etc.	Parent Company Fixtures and fittings other plant, etc.
Cost at 1 May 2020	3,222	125
Foreign exchange adjustments in foreign enterprises	-62	0
Additions	1,899	0
Disposals	-1,237	0
Cost at 30 April 2021	3,822	125
Depreciation charges at 1 May 2020	-1,923	0
Foreign exchange adjustments in foreign enterprises	15	0
Depreciation charges	-971	0
Disposals	1,033	0
Depreciation charges and impairment losses at 30 April 2021	-1,846	0
Carrying amount at 30 April 2021	1,976	125
Depreciated over	3-10 years	3-10 years

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

9 Investments in group entities

DKK'000	Parent Company 2020/21	Parent Company 2019/20
Cost at 1 May	70,221	70,221
Disposals in relation to merger	-24,450	0
Cost at 30 April	45,771	70,221
Adjustments at 1 May	3,653	654
Disposals in relation to merger	-3,599	0
Foreign exchange adjustments, foreign group entities	-822	-491
Dividends	0	0
Profit before tax	5,165	5,024
Tax on profit for the year	-1,914	-1,534
Adjustments at 30 April	2,483	3,653
Carrying amount at 30 April	48,254	73,874
Hereof goodwill	11,029	12,447

Name	Registered office	Voting rights and ownership
Stibo DX, Inc	USA	100%
Red Badge Consulting, Inc.	USA	100%
Stibo DX AS	Norway	100%
Stibo DX Ltd.	Bangladesh	100%
Stibo DX GmbH	Germany	100%

10 Deferred tax

DKK'000	Consolidated 2020/21	Parent Company 2020/21
Deferred tax at 1 May	-60	-404
Additions from merger	0	-1,304
Foreign exchange adjustments	-41	0
Changes for the year, see note 6	-4,086	-821
Deferred tax at 30 April	-4,187	-2,529
Deferred tax asset	-4,187	-2,529
Deferred tax liability	0	0
	-4,187	-2,529

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

11 Equity – Parent Company

The share capital comprises 30,000 shares of DKK 1,000 nominal value each. All shares rank equally.

Proposed profit allocation

DKK'000	2020/21	2019/20
Proposed dividends	50,000	0
Transfer to reserve for net revaluation according to the equity method	3,251	3,490
Retained earnings	-41,396	12,093
	11,855	15,583

12 Non-current liabilities other than provisions

The Group and parent companies non-current liabilities at 30 April 2020 comprise deferred payments related to acquisitions and holiday pay where the payment is more than 12 months from the balance sheet date. At the balance sheet date at 30 April 2021 no non-current liabilities exists.

13 Contract work in progress

Recognised as follows:

	Consolidated		Parent Company	
DKK'000	30 April 2021	30 April 2020	30 April 2021	30 April 2020
Contract work in progress	0	0	0	0
Prepayments for contract work in progress	-1,506	-5,999	-781	-3,823
	-1,506	-5,999	-781	-3,823

14 Mortgages, collateral and contingent liabilities

Parent Company

The Company is jointly taxed with other Danish group companies. As group company, together with the other group companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

The jointly taxed companies' known net liabilities to Skattestyrelsen are recognised in the financial statements of the administrative company, Stibo Holding A/S. Any subsequent corrections to the joint taxation income and withholding taxes, etc. may imply that the Company's liabilities increase.

Consolidated financial statements and parent company financial statements 1 May – 30 April

Notes

15 Lease obligations

Parent Company

The Company has entered into rent obligations with a term of 1 year totalling DKK 3.5 million (2019/20: DKK 3.5 million).

Other lease obligations (operating leases) falling due within five years total DKK 0.5 million (2019/20: DKK 0.6 million).

Consolidated

The Group has entered into rent obligations falling due within five years and totalling DKK 22.3 million (2019/20: DKK 26.2 million).

Other lease obligations (operating leases) falling due within five years total DKK 0.5 million (2019/20: DKK 0.9 million).

16 Related parties

Parties exercising controls

STIBO-FONDEN, Axel Kiers Vej 11, DK-8270 Højbjerg.

Stibo DX A/S is wholly-owned by Stibo A/S, Aarhus, whose ultimate parent company is STIBO-FONDEN, Aarhus.

Related party transactions

Related parties comprise STIBO-FONDEN and subsidiaries which STIBO-FONDEN directly or indirectly controls.

Transactions in 2020/21 with related parties:

DKK'000	Consolidated	Parent Company
Income[1]	1,786	74,221
Expenses[1]	14,056	64,208
Net financial income and expenses[2]	0	-335
Receivables from group entities[3]	61,344	61,344
Payables to group entities[3]	0	24,541

[1] Includes sales and purchases of goods and services.
[2] Includes financial items related to intercompany financing.
[3] Includes receivables and payables related to sales and purchases of goods and services and intercompany financing.

Dan Korsgaard
CEO
På vegne af: Stibo DX A/S
Serienummer: PID:9208-2002-2-070626757796
IP: 80.208.xxx.xxx
2021-07-05 07:06:45Z
NEM ID

Søren Strøm
Dirigent
På vegne af: Stibo DX A/S
Serienummer: PID:9208-2002-2-475904600882
IP: 217.28.xxx.xxx
2021-07-05 07:44:03Z
NEM ID

Søren Strøm
Bestyrelse
På vegne af: Stibo DX A/S
Serienummer: PID:9208-2002-2-475904600882
IP: 217.28.xxx.xxx
2021-07-05 07:44:03Z
NEM ID

Dan Korsgaard
Bestyrelse
På vegne af: Stibo DX A/S
Serienummer: PID:9208-2002-2-070626757796
IP: 80.208.xxx.xxx
2021-07-05 12:35:54Z
NEM ID

Sten Dyrmose
Chairman
På vegne af: Stibo DX A/S
Serienummer: PID:9208-2002-2-438790292055
IP: 80.208.xxx.xxx
2021-07-05 13:49:55Z
NEM ID

Søren Jensen
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
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Morten Friis
Statsautoriseret revisor
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