



Emagine Holding III ApS

Sydhavnsgade 16, 2.
2450 København SV
CVR No. 42019852

Annual report 2022

The Annual General Meeting adopted the
annual report on 22.06.2023

Lars Bloch

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2022	12
Consolidated balance sheet at 31.12.2022	13
Consolidated statement of changes in equity for 2022	15
Consolidated cash flow statement for 2022	16
Notes to consolidated financial statements	18
Parent income statement for 2022	25
Parent balance sheet at 31.12.2022	26
Parent statement of changes in equity for 2022	28
Notes to parent financial statements	29
Accounting policies	31

Entity details

Entity

Emagine Holding III ApS

Sydhavnsgade 16, 2.

2450 København SV

Business Registration No.: 42019852

Registered office: København

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Christian Bamberger Bro, Chairman

Christian Gymos Schmidt-Jacobsen

Christoffer Arthur Müller

Executive Board

Jesper Frydensberg Rasmussen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Emagine Holding III ApS for the financial year 01.01.2022 - 31.12.2022.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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

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

Copenhagen, 22.06.2023

Executive Board

Jesper Frydensberg Rasmussen

Board of Directors

Christian Bamberger Bro
Chairman

Christian Gymos Schmidt-Jacobsen

Christoffer Arthur Müller

Independent auditor's report

To the shareholders of Emagine Holding III ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Emagine Holding III ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 22.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant
Identification No (MNE) mne30131

Brian Schmit Jensen

State Authorised Public Accountant
Identification No (MNE) mne40050

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000
Key figures		
Revenue	4,150,188	830,878
Gross profit/loss	515,553	61,456
Operating profit/loss	75,833	(36,327)
Net financials	(73,480)	(21,327)
Profit/loss for the year	(31,218)	(56,587)
Profit for the year excl. minority interests	(24,999)	(50,343)
Balance sheet total	3,587,457	3,161,436
Investments in property, plant and equipment	54,152	66,984
Equity	1,217,616	580,267
Equity excl. minority interests	965,247	470,979
Cash flows from operating activities	6,913	126,273
Cash flows from investing activities	(256,151)	(1,960,196)
Cash flows from financing activities	221,376	2,071,255
Ratios		
Gross margin (%)	12.42	7.40
Net margin (%)	(0.75)	(6.81)
Equity ratio (%)	26.91	14.90

This is the Group's first year of presenting financial statements, and therefore no comparative figures are to be disclosed.

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

Gross margin (%):

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

Net margin (%):

Profit/loss for the year * 100
Revenue

Equity ratio (%):

Equity excl. minority interests * 100
Balance sheet total

Primary activities

The Parent's main activity is to hold shares in emagine Consulting Group. The Group is a full-service IT provider, capable of facilitating any client on a 360-degree service journey: from local expert consultancy augmentation of client teams, to setting up nearshore teams, to vendor consolidation, to managed teams and value-based pricing services in advanced, agile delivery models.

Development in activities and finances

It is the Group's second financial year, and the shares in the subsidiaries were acquired on 31 August 2021, and therefore it is difficult to compare the 2022 performance of the group with the 2021 numbers. In general, the increase in revenue and profits is explained by the full year numbers in 2022 compared to four months in 2021.

The Parent has no activities besides the activity from emagine Consulting A/S, why the following are based on information from emagine Consulting A/S.

Profit/loss for the year in relation to expected developments

It is our opinion that the figures gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

Outlook

emagine Consulting Group strive to reach double digit revenue growth in the range of 10-20% and an adjusted EBITDA margin above 6,5% in 2023. As last year, we have outlined a very ambitious plan for the coming year, and we intend to keep up the strong performance and the growth rates we have seen from the Group in the past years. In 2022, we have continued to invest in strengthening the Group's ability to grow, integrate and scale both in terms of IT platform, organisation, compliance, shared service center and ESG. The group continues to have eyes on potential strategic acquisitions, which will further enhance our international footprint and position. Backed by our owners Axcel, we have a very strong position and setup from which we can continue the growth.

Use of financial instruments

Besides industry-specific risks, the Group is exposed to the following risks:

Market risks

The Group's business model has demonstrated great resilience and robustness in a challenging 2022 market. Although Management considers the Group to be downside protected in many ways, the Group is not invulnerable to recessions. Should the economies of its core markets experience accelerated negative economic growth, the Group's financial results may be affected.

Currency risks

The Group is exposed to currency fluctuations, mainly from GBP, PLN, SEK and NOK. The combined risk is currently at a level where hedging is not deemed financially viable. Exchange rate fluctuations related to the translation of the result and intercompany balance of foreign subsidiaries at the balance sheet date constitute a risk. The Group does not hedge this type of risk.

Interest rate risks

The Group's senior debt and credit lines are based on floating interest rates. To mitigate potential increases, the Group has entered into an agreement that caps the interest rate related to approx. 80% of the senior debt for the period until December 2024.

Credit risks

The Group's credit risks related to trade receivables are included in the balance sheet.

Employee risk

The right skills and adequate experience are vital. Therefore, it is important that the Group continues to attract, retain, and develop skilled employees. Failure to do so may negatively impact the Group's expected development.

Supplier risk

Access to the right skills and adequate experience is vital. Therefore, it is important that the Group continues to attract and retain the best knowledge resources. Failure to do so has the potential to negatively impact the Group's expected development.

IT risk

The Group depends on Information Technology to manage critical business processes, such as sales and project sourcing, as well as administrative and financial functions. The Group uses IT systems for internal purposes, and externally for its clients and consultants. The Group takes extensive precautions to reduce the risk of IT system disruptions caused by both internal and external factors and has detailed processes in place to guarantee this. Extensive disruptions of IT systems could have an adverse effect on the Group.

Knowledge resources

The Group is constantly competing to attract and retain the best knowledge resources in the market for its core business of delivering business and IT-related development, operations, and management. Despite the fierce competition, the Group is experiencing a continually increasing volume of applicants with the necessary skills. Internally, the common IT platform and standardized processes ensure that the Group employees' knowledge is shared and documented. Therefore, the Group's vulnerability related to individual employees' knowledge is limited.

Research and development activities

The Group continuously invests in the development of its central IT platform, which is a key lever in the Group's continued successful development.

The Group has no research activities.

Statutory report on corporate social responsibility

The Group has published the statutory report on ESG as part of the emagine Consulting A/S group annual report. The Group has been a member of the UN Global Compact initiative since 2014. The UN Global Compact is the world's largest initiative for corporate social responsibility (CSR). The UN launched this international initiative to involve private companies in addressing the social and environmental challenges presented by globalization. The UN Global Compact makes it possible for companies all over the world to take an active part in addressing these challenges. As a member of the UN Global Compact initiative, the Group reports annually on its progress in implementing the initiative's 10 principles in the areas of human rights, labour rights, the environment, and anti-corruption activities. To ensure transparency, the report is published on the UN Global Compact website. As an official member of the UN Global Compact initiative, the Group sends a signal to all our stakeholders that we endorse, and work to contribute to, the implementation of the Global Compact initiative. On an ongoing basis, the Group evaluates whether its clients violate human rights. In 2021 an ESG impact assessment (risk assessment) was performed, and measures to manage adverse impact have been implemented, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2020 the Group launched

a new website – [Our Responsibility]. This website describes ESG actions and KPIs, and provides access to remedy through a whistle-blower scheme, if anonymous reporting is warranted, or through a dialogue website [Get in touch], for open dialogue. In 2020 the Group became ISO 14001 certified, to ensure consistency and compliance with environmental protection and processes. And in 2022, we completed the implementation of ISO 50001 (Energy Management) to ensure systematism, quality, management focus, and forward momentum in our energy and climate efforts. Though risks related to human rights, the environment, and climate may seem limited, owing to the Group's business model and policies, we have increased our focus on ESG, and defined a common approach to the way we operate within each of the ESG areas and their focuses. We have created a governance structure that consists of key employees from all countries to ensure that activities and events are being implemented. As previously described, the Group dedicated extensive and continuous efforts to CSR/ESG in 2022, and no violations of human rights were detected in 2022. The statutory report on ESG also represents our statutory statement on social responsibility and gender equality, in accordance with section 99a of the Danish Financial Statements Act. This report may be found on our website, where our account of emagine Consulting's data ethics policy is also available, in accordance with section 99d of the Danish Financial Statements Act: <https://emagine.org/about-us/our-reponsibility/>.

Statutory report on the underrepresented gender

The underrepresented gender, Board of Directors

At present, the gender distribution of the Board of Directors is 40% female and 60% male, which is considered balanced.

The underrepresented gender, Management

The Group's general policy is to employ and promote the most qualified people, regardless of gender, and to give equal access to leadership positions to all qualified candidates. To facilitate this, at least one female applicant must be invited to all job interviews, assuming qualified female applicants are available. The representation of women in leadership positions and with personnel management responsibility end of 2022 was 31% (2021: 25%).

The statutory report on ESG also represents our statutory statement on social responsibility and gender equality, in accordance with section 99a of the Danish Financial Statements Act. This report may be found on our website, where our account of emagine Consulting Group's data ethics policy is also available, in accordance with section 99d of the Danish Financial Statements Act: <https://emagine.org/about-us/our-reponsibility/>

Statutory report on data ethics policy

The statutory report on ESG also represents our statutory statement on social responsibility and gender equality, in accordance with section 99a of the Danish Financial Statements Act. This report may be found on our website, where our account of emagine Consulting Group's data ethics policy is also available, in accordance with section 99d of the Danish Financial Statements Act: <https://emagine.org/about-us/our-reponsibility/>

Events after the balance sheet date

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

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	2	4,150,188	830,878
Cost of sales		(3,571,794)	(708,243)
Other external expenses	3	(62,841)	(61,179)
Gross profit/loss		515,553	61,456
Staff costs	4	(243,319)	(46,665)
Depreciation, amortisation and impairment losses	5	(196,401)	(51,118)
Operating profit/loss		75,833	(36,327)
Other financial income		66	2,024
Other financial expenses		(73,546)	(23,351)
Profit/loss before tax		2,353	(57,654)
Tax on profit/loss for the year	6	(33,571)	1,067
Profit/loss for the year	7	(31,218)	(56,587)

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	9	42,312	33,169
Acquired intangible assets		469,062	429,636
Acquired trademarks		63,534	70,661
Acquired rights		14,654	13,474
Goodwill		1,812,589	1,734,763
Intangible assets	8	2,402,151	2,281,703
Other fixtures and fittings, tools and equipment		8,665	5,304
Leasehold improvements		5,802	1,180
Leased assets		70,387	54,006
Property, plant and equipment	10	84,854	60,490
Other investments		297	312
Deposits		3,372	2,640
Financial assets	11	3,669	2,952
Fixed assets		2,490,674	2,345,145
Trade receivables		756,799	538,852
Receivables from group enterprises		337	0
Deferred tax	12	365	3,141
Other receivables		125,421	35,469
Tax receivable		0	656
Prepayments	13	4,391	841
Receivables		887,313	578,959
Cash		209,470	237,332
Current assets		1,096,783	816,291
Assets		3,587,457	3,161,436

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital	14, 15	1,151	565
Retained earnings		964,096	470,414
Equity belonging to Parent's shareholders		965,247	470,979
Equity belonging to minority interests		252,369	109,288
Equity		1,217,616	580,267
Deferred tax	12	142,600	115,994
Provisions		142,600	115,994
Mortgage debt		1,226,119	1,022,739
Lease liabilities		49,977	37,707
Other payables		6,022	2,943
Non-current liabilities other than provisions	16	1,282,118	1,063,389
Mortgage debt		39,100	664,425
Lease liabilities		22,468	17,810
Trade payables		713,891	560,508
Tax payable		192	1,882
Joint taxation contribution payable		2,374	0
Other payables		162,469	152,732
Deferred income	17	4,629	4,429
Current liabilities other than provisions		945,123	1,401,786
Liabilities other than provisions		2,227,241	2,465,175
Equity and liabilities		3,587,457	3,161,436
Events after the balance sheet date	1		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	565	470,414	470,979	109,288	580,267
Effect of mergers and business combinations	0	(155,870)	(155,870)	(74,170)	(230,040)
Increase of capital	586	629,177	629,763	0	629,763
Exchange rate adjustments	0	(4,789)	(4,789)	(1,254)	(6,043)
Other entries on equity	0	50,163	50,163	224,724	274,887
Profit/loss for the year	0	(24,999)	(24,999)	(6,219)	(31,218)
Equity end of year	1,151	964,096	965,247	252,369	1,217,616

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		75,833	(36,327)
Amortisation, depreciation and impairment losses		196,401	51,118
Working capital changes	18	(167,637)	133,929
Other adjustments		(6,035)	(627)
Cash flow from ordinary operating activities		98,562	148,093
Financial income received		66	2,024
Financial expenses paid		(66,322)	(16,355)
Taxes refunded/(paid)		(23,301)	(7,021)
Other cash flows from operating activities		(2,092)	(468)
Cash flows from operating activities		6,913	126,273
Acquisition etc. of intangible assets		(9,366)	(382)
Acquisition etc. of property, plant and equipment		(12,418)	(1,270)
Sale of property, plant and equipment		101	201
Acquisition of enterprises		(221,733)	(1,954,217)
Investment in financial assets		(88)	(138)
Capitalised development costs		(13,588)	(4,390)
Disposal of financial assets		941	0
Cash flows from investing activities		(256,151)	(1,960,196)

Free cash flows generated from operations and investments before financing	(249,238)	(1,833,923)
Loans raised	253,533	1,715,608
Repayments of loans etc.	(671,150)	(134)
Repayment of debt to group enterprises	(2,462)	(211,316)
Cash capital increase	674,611	604,541
Loan costs	(9,459)	(29,433)
Repayment of lease liabilities	(23,697)	(8,011)
Cash flows from financing activities	221,376	2,071,255
Increase/decrease in cash and cash equivalents	(27,862)	237,332
Cash and cash equivalents beginning of year	237,332	0
Cash and cash equivalents end of year	209,470	237,332
Cash and cash equivalents at year-end are composed of:		
Cash	209,470	237,332
Cash and cash equivalents end of year	209,470	237,332

Notes to consolidated financial statements

1 Events after the balance sheet date

No events significantly impacting the Company's and the Group's financial statements have occurred subsequent to the financial year-end.

2 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	1,268,741	390,635
Other countries	2,881,447	440,243
Total revenue by geographical market	4,150,188	830,878
IT Consultancy	4,150,188	830,878
Total revenue by activity	4,150,188	830,878

3 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	1,138	295
Other assurance engagements	81	0
Tax services	360	37
Other services	4,038	35
	5,617	367

4 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	193,088	42,056
Pension costs	10,706	2,567
Other social security costs	27,001	1,872
Other staff costs	12,524	170
	243,319	46,665

Average number of full-time employees	455	199
---------------------------------------	------------	------------

	Remuneration of management 2022 DKK'000	Remuneration of management 2021 DKK'000
Total amount for management categories	5,283	1,289
	5,283	1,289

Pursuant to Section 98b(iii) of the Danish Financial Statements Act, remuneration to the members of the Executive Board and Management is disclosed in total.

5 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	162,438	45,420
Depreciation on property, plant and equipment	28,829	6,595
Profit/loss from sale of intangible assets and property, plant and equipment	5,134	(897)
	196,401	51,118

6 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	22,972	2,812
Change in deferred tax	10,599	(3,879)
	33,571	(1,067)

7 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	(24,999)	(50,343)
Minority interests' share of profit/loss	(6,219)	(6,244)
	(31,218)	(56,587)

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired trademarks DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	34,547	442,585	71,255	13,724	1,765,012
Exchange rate adjustments	0	(442)	0	(968)	(1,938)
Additions	13,588	90,286	0	9,366	177,082
Disposals	0	0	0	(16,583)	0
Cost end of year	48,135	532,429	71,255	5,539	1,940,156
Amortisation and impairment losses beginning of year	(1,378)	(12,949)	(594)	(250)	(30,249)
Exchange rate adjustments	0	18	0	747	57
Amortisation for the year	(4,445)	(50,436)	(7,127)	(3,055)	(97,375)
Reversal regarding disposals	0	0	0	11,673	0
Amortisation and impairment losses end of year	(5,823)	(63,367)	(7,721)	9,115	(127,567)
Carrying amount end of year	42,312	469,062	63,534	14,654	1,812,589

9 Development projects

Development projects comprises to the development of the internal IT sales platform ProManagement. ProManagement are showing the full expected benefits, and therefore no indication of impairment has been identified.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Leased assets DKK'000
Cost beginning of year	6,176	(86)	58,756
Addition through business combinations etc	613	302	0
Exchange rate adjustments	(973)	(26)	(870)
Additions	7,569	5,043	40,625
Disposals	(6,385)	(462)	0
Cost end of year	7,000	4,771	98,511
Depreciation and impairment losses beginning of year	(872)	1,266	(4,750)
Exchange rate adjustments	922	2	308
Depreciation for the year	(4,633)	(514)	(23,682)
Reversal regarding disposals	6,248	277	0
Depreciation and impairment losses end of year	1,665	1,031	(28,124)
Carrying amount end of year	8,665	5,802	70,387

11 Financial assets

	Other investments DKK'000
Cost beginning of year	312
Exchange rate adjustments	(12)
Additions	938
Disposals	(941)
Cost end of year	297
Carrying amount end of year	297

12 Deferred tax

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	(112,853)	0
Recognised in the income statement	(11,311)	3,814
Acquisition of business	(18,071)	(116,667)
End of year	(142,235)	(112,853)

	2022	2021
Deferred tax has been recognised in the balance sheet as follows	DKK'000	DKK'000
Deferred tax assets	365	3,141
Deferred tax liabilities	(142,600)	(115,994)
	(142,235)	(112,853)

Deferred tax primarily relates to intangible assets and property, plant and equipment.

Deferred tax assets

Deferred tax assets primarily relate to temporary differences. Management considers it likely that there will be future taxable income against which tax deductions can be offset.

13 Prepayments

Prepayments primarily consists of prepayments of insurance premiums.

14 Contributed capital

	Number	Nominal value DKK'000
A-shares	52,500,000	525
B-shares	61,943,768	620
C-shares	625,695	6
	115,069,463	1,151

The share capital comprises 115,069,463 shares of DKK 0,01 each.

15 Treasury shares

	Number	Nominal value DKK'000	Recorded par value DKK'000	Share of contributed capital %
emagine Holding II ApS - P Shares	7,538	97	97	0.03
emagine Holding II ApS - C Shares	1,884	22	22	0.01
Investments acquired	9,422	119	119	0.04

There have been purchased own shares from an earlier employee in the Group.

16 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK'000
Mortgage debt	1,226,119
Lease liabilities	49,977
Other payables	6,022
	1,282,118

17 Deferred income

Deferred income consists of up-front payments from customers.

18 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in receivables	(220,393)	15,414
Increase/decrease in trade payables etc.	98,456	107,783
Other changes	(45,700)	10,732
	(167,637)	133,929

19 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Emagine Holding III ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

The shares in Emagine Consult A/S as well as certain subsidiaries in Poland, Sweden and Emagine Group have been pledged as security for the senior facility agreement entered into by emagine Consult A/S, and EUR 20 thousand in the assets of the subsidiary in the Netherlands has been provided. The Polish subsidiary has provided payment guarantees for a total of PLN 0.25 million and EUR 1,1 million.

The emagine companies in Denmark, Sweden and Poland are part of a cash pool agreement with a credit limit of DKK 75 million. The emagine companies in Denmark, Sweden, Poland and emagine Group have made a guarantee on a jointly basis towards the credit institution. emagine Holding ApS and emagine Consult A/S and its subsidiaries jointly guarantee as obligor for any amounts due to under the senior facility agreement.

21 Non-arm's length related party transactions

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

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Axcel VI K/S 2, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Emagine Holding III ApS, Copenhagen

23 Subsidiaries

	Registered in	Corporate form	Ownership %
Emagine Holding II ApS	Denmark	ApS	79.25
Emagine Holding I ApS	Denmark	ApS	79.25
Emagine Holding ApS	Denmark	ApS	79.25
Emagine Consulting A/S	Denmark	A/S	79.25
ProData Consult International AB	Sweden	AB	79.25
emagine Consulting AB	Sweden	AB	79.25
emagine AS	Norway	AS	79.25
emagine Sp. z o.o.	Poland	Sp. z.o.o	79.25
emagine Consulting B.V	Netherland	B.V.	79.25
AspiraCon Limited	Ireland	Ltd.	79.25
Aspira B.V.	Netherland	B.V.	79.25
Peak Consulting Group A/S	Denmark	A/S	79.25
Peak Consulting Group AS	Norway	AS	79.25
emagine Group SAS	France	SAS	79.25
emagine Consulting Limited	United Kingdom	Ltd.	79.25
emagine Infotech Ireland Limited	Ireland	Ltd.	79.25
emagine GmbH	Germany	GmbH	79.25
emagine Consulting SARL	Denmark	SARL	79.25
emagine Infotech Software Pvt Ltd	India	Ltd.	79.25
emagine Flexwork GmbH	Germany	GmbH	79.25
otherwise Portage SARL	France	SARL	79.25

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Other external expenses		(52)	(35)
Gross profit/loss		(52)	(35)
Income from investments in group enterprises		(23,730)	(51,137)
Other financial income		28	0
Other financial expenses		(1,168)	(2,949)
Profit/loss before tax		(24,922)	(54,121)
Tax on profit/loss for the year	2	(77)	656
Profit/loss for the year	3	(24,999)	(53,465)

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		964,540	1,098,767
Financial assets	4	964,540	1,098,767
Fixed assets		964,540	1,098,767
Receivables from group enterprises		293	0
Deferred tax	5	289	0
Joint taxation contribution receivable		1	656
Receivables		583	656
Cash		219	113
Current assets		802	769
Assets		965,342	1,099,536

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		1,151	565
Retained earnings		964,096	470,415
Equity		965,247	470,980
Other payables		95	628,556
Current liabilities other than provisions		95	628,556
Liabilities other than provisions		95	628,556
Equity and liabilities		965,342	1,099,536
Events after the balance sheet date	1		
Employees	6		
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	565	470,415	470,980
Effect of mergers and business combinations	0	(155,870)	(155,870)
Increase of capital	586	629,177	629,763
Exchange rate adjustments	0	(4,790)	(4,790)
Other entries on equity	0	50,163	50,163
Profit/loss for the year	0	(24,999)	(24,999)
Equity end of year	1,151	964,096	965,247

Notes to parent financial statements

1 Events after the balance sheet date

No events significantly impacting the Company's and the Group's financial statements have occurred subsequent to the financial year-end.

2 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	0	(656)
Change in deferred tax	(289)	0
Adjustment concerning previous years	366	0
	77	(656)

3 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	(24,999)	(53,465)
	(24,999)	(53,465)

4 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	1,150,500
Cost end of year	1,150,500
Impairment losses beginning of year	(51,733)
Addition through business combinations etc	(105,707)
Exchange rate adjustments	(4,790)
Share of profit/loss for the year	(23,730)
Impairment losses end of year	(185,960)
Carrying amount end of year	964,540

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

5 Deferred tax

	2022
	DKK'000
Tax losses carried forward	289
Deferred tax	289

	2022
	DKK'000
Changes during the year	
Recognised in the income statement	289
End of year	289

Deferred tax assets

Deferred tax assets primarily relate to temporary differences. Management considers it likely that there will be future taxable income against which tax deductions can be offset.

6 Employees

The Entity has no employees other than the Executive Board. The Executive Board or Board of Directors have not received any remuneration.

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Emagine Holding III ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

The shares in Emagine Consult A/S as well as certain subsidiaries in Poland, Sweden and Emagine Group have been pledged as security for the senior facility agreement entered into by emagine Consult A/S, and EUR 20 thousand in the assets of the subsidiary in the Netherlands has been provided. The Polish subsidiary has provided payment guarantees for a total of PLN 0.25 million and EUR 1,1 million.

The emagine companies in Denmark, Sweden and Poland are part of a cash pool agreement with a credit limit of DKK 75 million. The emagine companies in Denmark, Sweden, Poland and emagine Group have made a guarantee on a jointly basis towards the credit institution. emagine Holding ApS and emagine Consult A/S and its subsidiaries jointly guarantee as obligor for any amounts due to under the senior facility agreement.

9 Related parties with controlling interest

Axcel VI K/S 2 owned the majority of the shares in Emagine Holding III ApS.

10 Non-arm's length related party transactions

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

Accounting policies

Reporting class

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

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

Non-comparability

This is the Group's second year of presenting financial statements, the comparative figures for 2021 is for the Group only consisting of 4 months compared to 12 months in 2022. The Group purchased emagine Consulting A/S in August 2021, and thus the comparison figures for the Group only consists of 4 months compared to 12 months in the financial year 2022.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority

interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

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

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

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

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition. Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Revenue from the sale of services

Income from the sale of services, which comprise consultancy services, is recognised as the control over the individual identifiable performance obligation is transferred to the customer. Sale of consultancy services typically comprise one performance obligation, which is recognised in revenue over the period in which the services are provided.

Cost of sales

Cost of sales comprise costs incurred in generating the year's revenue and relates primarily to costs regarding external consultancy services as well as internal consultants.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

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

Other financial income

Other financial income comprises interest income and gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation period used are 10-20 years.

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

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed, acquired intangible assets, rights and trademarks.

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

The cost of development projects comprises costs such as salaries and amortisation that are directly and

indirectly attributable to the development projects.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Acquired intangible assets, rights and trademarks are amortised on a straight-line basis over the estimated useful life. The amortisation period is 10 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

	Useful life
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	2-4 years

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes

intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used are 20 years.

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

Other investments

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

Receivables

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Tax payable or receivable

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

Joint taxation contributions payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity in retained earnings. Gains and losses from sale are not recognised in the income statement.

Minority interests

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

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds

to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Deferred income

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

Cash flow statement

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

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

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

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

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