

Systematic A/S

Søren Frichs Vej 39, DK-8000 Aarhus C

Annual Report for 1 October 2023 - 30 September 2024



CVR No. 78 83 44 12

The Annual Report
was presented and
adopted at the Annual
General Meeting of the
company
on 11/12 2024

Anne Søndberg Bloch
Østergaard
Chairman of the
general meeting

SYSTEMATIC

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Systematic A/S for the financial year 1 October 2023 - 30 September 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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

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

Aarhus, 11 December 2024

Executive Board

Nikolaj Holm Bramsen

Board of Directors

Michael Holm
Chairman

Lars Monrad-Gylling
Vice chairman

Helle Østergaard Kristiansen

Nick Hækkerup

Christina Balis

Allan Weinhandler Iversen
Employee representative

Pernille Keum Hjort Møller
Employee representative

Independent Auditor's report

To the shareholders of Systematic A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 October 2023 - 30 September 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Systematic A/S for the financial year 1 October 2023 - 30 September 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Independent Auditor's report

Aarhus C, 11 December 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

State Authorised Public Accountant

mne26783

Henrik Berring Rasmussen

State Authorised Public Accountant

mne34157

Company information

The Company	Systematic A/S Søren Frichs Vej 39 DK-8000 Aarhus C CVR No: 78 83 44 12 Financial period: 1 October 2023 - 30 September 2024 Municipality of reg. office: Aarhus
Board of Directors	Michael Holm, chairman Lars Monrad-Gyelling, vice chairman Helle Østergaard Kristiansen Nick Hækkerup Christina Balis Allan Weinhandler Iversen, employee representative Pernille Keum Hjort Møller, employee representative
Executive Board	Nikolaj Holm Bramsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	TEUR	TEUR	TEUR	TEUR	TEUR
Key figures					
Profit/loss					
Revenue	217,959	191,772	178,085	173,124	148,220
Gross profit	161,279	138,967	118,814	125,453	107,045
Profit/loss of primary operations	44,605	35,383	23,073	32,681	19,635
Profit/loss of financial income and expenses	665	-368	1,558	-912	85
Net profit/loss for the year	34,160	27,327	19,460	24,435	15,650
Balance sheet					
Balance sheet total	159,887	165,498	145,546	149,282	119,518
Investment in property, plant and equipment	1,448	1,400	1,326	6,899	1,140
Equity	99,836	103,292	86,780	80,389	62,035
Average number of employees	994	946	903	882	919
Cash flows					
Cash flows from:					
- operating activities	57,302	37,626	7,167	43,432	25,116
- investing activities	-8,022	-7,234	-7,240	-8,571	-3,166
- financing activities	-38,500	-10,000	-13,447	-6,724	-4,029
Change in cash and cash equivalents for the year	10,780	20,904	-13,000	27,751	17,587
Ratios					
Gross margin	74.0%	72.5%	66.7%	72.5%	72.2%
EBIT margin	20.5%	18.5%	13.0%	18.9%	13.2%
Net margin	15.7%	14.3%	10.9%	14.1%	10.6%
Solvency ratio	62.4%	62.4%	59.6%	53.9%	51.9%
Return on equity	33.6%	28.8%	23.3%	34.3%	27.6%

Management's review

Development in activities and finances

In 2023/24 we posted a revenue of EUR 218.0 million which is a 13.5% growth compared to the previous year, and a continuation of the last years' organic revenue growth.

We realised an EBIT of EUR 44.6 million in 2023/24, equal to an EBIT-margin of 20.5% compared to 18.5% last year.

For Systematic it is a focus area to remain financially healthy, strong and independent. We continue to be a debt-free Group, and our equity and cash position remain solid with a strong cash balance by year-end of EUR 95.5 m.

Profit/loss for the year in relation to expected developments

Overall, Management finds the Group's performance for the financial year satisfactory. We exceeded the financial outlook for the financial year mainly due to higher Product sales in Defence and higher activity in the Healthcare area.

Primary Activities

Systematic at a glance

Systematic was established in 1985 by Michael Holm who held the position as CEO until December 2023 where he took over as Chairman of the Board, handing over the position of CEO to Nikolaj Bramsen. The transition proceeded according to plan, and as a company, Systematic is still driven by the same vision and with the same values.

Systematic's mission is "Simplifying critical decision making". In essence it is to deliver IT solutions that make it simpler for users to make crucial decisions in demanding situations.

Since we were founded, we have developed into an international IT company first and foremost based on organic growth. The company focuses on two key business areas: Defence and Healthcare, and other business areas including Intelligence & National Security, Library & Learning, Renewables & Utilities and Digitalisation of the public sector. A common denominator of all these sectors is a need to integrate, compare and analyse large volumes of complex data, to understand the data and to generate an overview that allows decision-making based on a solid data driven foundation, often in critical situations. That is why "Simplicity" is a keyword for Systematic. The solutions must be quick, simple and efficient to use while at the same time hiding the inherent complexity for the users.

We supply user-friendly solutions that have been thoroughly tested, trialed in real life, and are available for immediate delivery and deployment. Rather than spending time, resources and precious funds on one-off, bespoke development projects, customers can acquire our off-the-shelf products that will cover the vast majority of their requirements.

Systematic is privately owned and headquartered in Aarhus, Denmark. We have offices in Australia, Canada, Finland, Germany, Romania, Sweden, New Zealand, the United Arab Emirates, the UK, the USA and Switzerland.

Each day, thousands of people depend on Systematic's products and solutions for support in making critical decisions. We have more than one million users across more than 50 countries.

Our Business areas

Defence is genuinely part of the Systematic Group DNA as this is what kickstarted the company and is the business area that has fostered the majority of our growth and internationalisation during the past. Command

Management's review

and control (C2) is our primary target market, addressed via our product suite offerings of primarily SitaWare (C2) and IRIS (defence interoperability) for all military and related services.

A few business highlights to mention for 2023/24 within Defence were NATO procuring SitaWare for its land forces; Canada joining as a new customer, whereby we became supplier to all the "five-eye" nations: US, UK, Australia, New Zealand and Canada; and the Austria Federal Army selected SitaWare as a key component in its efforts to modernise its C2 infrastructure and ensure efficient communication from headquarters to the frontline.

In Healthcare we provide IT solutions for the health, care and social sector by digitalising the continuum of care. This is primarily represented through our Columna product portfolio with Clinical Information Systems (CIS) platform securing a fully integrated EHR service (electronic health record), and our Cura platform assisting care professionals in both hospitals and municipalities. In addition, we provide a comprehensive interoperability, collaboration and real-time logistically platform called Flow for the service and clinical personnel in hospitals.

There continues to be implementation and alignment in the use of our electronic health record, Columna CIS, in all hospitals across Central Region Denmark, Region South Denmark and Region North Denmark. Across Denmark we have won 3 additional customers on Cura totaling 38 municipalities using the system. This is supported by the international expansion of the Healthcare business, with successes for our Flow platform in both Finland and the Netherlands.

In Library and Learning we provide IT solutions which support the administration, collaboration and innovation at libraries and educational institutions. Cicero is the IT backbone for both public and school libraries and in 2023/24 we signed a contract with Bücherhallen Hamburg to deliver their new library system based on Cicero.

In Renewables & Utilities we support the offshore wind industry with safe, effective, and innovative IT solutions. Our SITE product portfolio is the foundation for securing safe and effective marine coordination in the development, operations, and maintenance of offshore wind farms. We see this as an important contribution for sustainable development through boosting the level of digitalisation.

Within Intelligence & National Security we support police forces and intelligence services with solutions and services for border control, emergency response setups and police systems. This is provided by classified knowledge management solutions and complex mission critical solutions integrating mobility and situational awareness.

Digitalisation adds value to public and private enterprises through a variety of complex and business critical IT projects. In 2023/24 we went live with the nationwide Public Health Insurance system.

In line with previous years, we have in 2023/24 continued investing extensively in our product portfolios to sustain and improve the competitive edge of our core products.

Customer focus and Business Case certainty

Since Systematic achieved its first CMMI© level 5 accreditation for software development processes in 2005, we have maintained the highest possible accreditation through a series of appraisals conducted every 3rd year, lastly in 2024. It is not the actual certification and associated brand image that drives and motivates Systematic to continually invest in, and aim, for the highest maturity level in software development but rather the wider benefits on offer. The driving motivators are the increase in quality of our solutions, reduction of re-work, the ability to move people around between projects as we have agreed and well used processes, and the stability and the assurance that Systematic delivers on time – factors that are extremely important to our customers working in stressed environments with highly mission critical tasks.

The CMMI© accreditation at level 5 is not matched by any other Scandinavian company, and is held by less than 20 IT companies in Europe.

Management's review

Outlook

We enter the financial year 2024/25 with an order-book coverage similar to previous years and see a positive market outlook for our primary product portfolio. Similar to last year we also experience an inflationary pressure on the cost base impacting profitability. Despite the inflationary pressure on the cost base, we will still prioritise our product investments to sustain and improve the competitive edge of our core products and internal investments in building skills, personal development and infrastructure. Based on the above we expect a growth in both revenue and EBIT in the range of 5% - 15%.

Use of financial instruments

Systematic's business entails several commercial and financial risks, though no more than what is considered normal for the industry. Despite that, the group enters forward exchange contracts with its bank connection to secure future cash flows regarding selected customer payments in currencies not linked to EURO. The forward exchange contracts are established on a short-term basis and hedges only known cash flows according to concluded contracts and associated firm payment plans.

People & Culture

As a professional software and systems integrator, Systematic is a people business. We depend on having highly skilled and knowledgeable employees. In 2023/2024, we employed 204 new employees, excluding students and interns. Year-end the total number of full-time employees is 1,067 (head count 1,172).

It is our dedicated people who make the difference, and they are the foundation for our ability to deliver high quality projects, products, and services. We therefore invest considerably in recruiting, onboarding, training, and talent development.

Employees at Systematic have ample opportunity to develop their professional and personal skills, both through formal training, internal knowledge networks and taking on new tasks and areas of responsibility.

We work actively with leadership talents, identifying and undertaking structured leadership assessments and development to secure a strong internal leadership pipeline.

We focus on, and welcome equal opportunity for all employees, and have as many female leaders as we have female employees in the company (approx. 30%). We continuously work on strengthening and developing our culture through our employee onboarding, team development efforts, leadership development, international mobility programs and through day-to-day leadership.

Statutory report on corporate social responsibility

Our approach to CSR is firmly embedded in our corporate culture and core values. We respect the individual uniqueness of our employees and offer equal opportunity for all job openings and for learning, professional and personal development.

When conducting business, we aim to maintain high ethical standards, we strive to execute our activities with integrity and accountability, and we comply with applicable legislation wherever we operate. We have zero tolerance for bribery and corruption and any kind of misconduct. We continue to train all employees in our Employee Code of Ethics and Conduct and provide additional training for our sales employees regarding bribery and corruption.

In our efforts to protect our company and its reputation, our whistle-blower platform "Tell Us" is available to all who become aware of any kind of misconduct or misbehaviour connected with our business, or violations of our Code of Conducts. The whistle-blower hotline "Tell Us" is managed by an independent consulting company to secure anonymity for the reporting person.

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

Management's review

Statutory report on the underrepresented gender

Our business – the software development industry – is in general a male-dominated field. Traditionally there has been a predominance of males among the students at universities. Hence, this is reflected in the male/female distribution in Systematic. Nevertheless, Systematic has always focused on appointing ‘the best qualified’ people in all positions, including management positions on all levels regardless of gender.

In accordance with the Danish Financial Act section 99b, Systematic is required to report on the gender distribution in the Board and at other management levels. ‘Other management levels’ is understood as the first two levels under the Board of Directors, i.e., the executive management and the people who report to executive management and who have people management responsibility. It is called Group Management in Systematic.

The Board comprises of seven members: four men and three women. Two of the members, one man and one woman, are employee elected members. The share of external female board members is 40% meaning that Systematic is compliant with the objective of equal gender distribution in the Board of Directors (according to the Danish Business Authority equal gender distribution is 40%/60%). Therefore, no target will be set.

Our Group Management comprises of nine employees, of which two are women and the share of women is therefore 22.2%.

At all operational levels of management, we aim to enhance diversity. Our values and culture are embedded in the company’s focus on having a healthy work life balance, flat hierarchy, and transparency.

Our Diversity, Inclusion, Equality and Belonging policy states our objective: the percentage of females with people management positions is equal to the percentage of females employed at Systematic. We have met this objective with 29.1% female employees and 32.9% female people managers, which has slightly increased compared to last year.

We find this development satisfactory, especially considering the gender distribution among IT professionals in Denmark with a gender distribution of 29% women according to Digital Hub Denmark. However, it is our ambition to continue to increase the proportion of women in management positions.

In 2021, we signed a Pledge for Gender Diversity, committing ourselves to contribute to the common efforts of the IT industry and work towards jointly reaching a 40/60 gender ratio by 2030. To further support these efforts, Systematic launched a women’s network in 2023 called ‘Headway’. It is a network across our locations where our female employees can get inspired by each other and by external presenters at the events.

	2023/2024
Board of Directors	
Total number of members	5
The underrepresented gender (female) in %	40%
The target for the underrepresented gender (female) in %	N/A
Target year	N/A
Group Management	
Total number of members	9
The underrepresented gender (female) in %	22,2%
The target for the underrepresented gender (female) in %	29,0%
Target year	2027/2028

Management's review

Statutory report on data ethics policy

Systematic is aware of the increasing role and impact of artificial intelligence (AI) on its business and in society, and recognises the importance of data ethics and responsible use of data.

We are committed to ensuring that our products and services are developed and used in a way that respects the privacy, dignity and rights of the people who interact with them. We safeguard the security, quality and integrity of the data we process, and have established a data ethics policy covering the use of all data types including personal data. The policy complements Systematic's Personal Data Protection Policy which covers the 6 principles set in the European Union's General Data Protection Regulation (GDPR).

We use data from various sources, such as our customers, website visitors, employees, suppliers, and operational systems, which handle and react to data in real time. Our use of artificial intelligence and machine learning in both internal and external solutions follows our data and security principles and policies like all other solutions.

Data security is vital for ensuring data privacy and data protection. Systematic continues to improve with even more focus on technical measures and procedures to ensure proper data management and prevent any unauthorised use or disclosure – this also as part of our ISO27001 certified Information Security Management System. Furthermore, Systematic's personal data processing related procedures and practices are continually evaluated by a third party against ISAE 3000 on behalf of Systematic's customers.

When we use data from third parties, we require that they also handle data responsibly. In general, we expect that third parties are in lawful possession of this data, do not misuse data and may legally give Systematic the right to use this data. We do not resell data, but if legally required, we provide data in accordance with applicable legislation and court or authority decisions.

Our process library, supporting Systematic's achieved CMMI level 5 certification and ISO standards, ensures the needed processes and controls to continuously improve data protection practices, as well as the right framework to handle one set of data in secure data flows. Furthermore, an internal audit program is implemented to ensure compliance with both information security and data protection requirements.

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.

Income statement 1 October 2023 - 30 September 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TEUR	TEUR	TEUR	TEUR
Revenue	1	217,959	191,772	184,085	154,691
Work on own account recognised in assets		6,479	5,368	6,479	5,368
Cost of goods sold		-37,911	-35,728	-46,779	-32,026
Other external expenses		-25,248	-22,445	-18,837	-16,514
Gross profit		161,279	138,967	124,948	111,519
Staff expenses	2	-107,824	-95,789	-80,759	-73,171
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-8,850	-7,795	-8,417	-7,571
Profit/loss before financial income and expenses		44,605	35,383	35,772	30,777
Income from investments in subsidiaries		0	0	6,034	3,663
Income from investments in associates		-369	-252	-369	-252
Financial income		2,836	1,847	1,662	1,476
Financial expenses		-1,802	-1,963	-711	-1,925
Profit/loss before tax		45,270	35,015	42,388	33,739
Tax on profit/loss for the year	4	-11,110	-7,688	-8,228	-6,412
Net profit/loss for the year	5	34,160	27,327	34,160	27,327

Balance sheet 30 September 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		TEUR	TEUR	TEUR	TEUR
Completed development projects		16,882	17,394	16,882	17,394
Acquired patents		223	412	223	412
Intangible assets	6	17,105	17,806	17,105	17,806
Other fixtures and fittings, tools and equipment		1,417	987	910	571
Leasehold improvements		4,941	5,681	4,376	4,943
Property, plant and equipment	7	6,358	6,668	5,286	5,514
Investments in subsidiaries	8	0	0	21,669	20,675
Investments in associates	9	720	1,089	720	1,089
Investments in participating interests	10	394	394	394	394
Deposits	11	1,806	1,612	1,252	1,104
Fixed asset investments		2,920	3,095	24,035	23,262
Fixed assets		26,383	27,569	46,426	46,582
Trade receivables		25,431	43,071	19,437	19,335
Contract work in progress	12	5,637	5,071	1,710	4,358
Receivables from group enterprises		0	4	16,956	42,102
Other receivables		2,807	668	1,136	1
Corporation tax		0	210	0	210
Prepayments	13	4,177	4,941	3,473	4,077
Receivables		38,052	53,965	42,712	70,083
Cash at bank and in hand		95,452	83,964	50,856	28,999
Current assets		133,504	137,929	93,568	99,082
Assets		159,887	165,498	139,994	145,664

Balance sheet 30 September 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24 TEUR	2022/23 TEUR	2023/24 TEUR	2022/23 TEUR
Share capital		1,341	1,341	1,341	1,341
Reserve for net revaluation under the equity method		0	0	20,241	19,619
Reserve for development costs		0	0	13,167	13,567
Reserve for hedging transactions		-91	-256	-91	-256
Retained earnings		81,586	88,707	48,178	55,521
Proposed dividend for the year		17,000	13,500	17,000	13,500
Equity		99,836	103,292	99,836	103,292
Provision for deferred tax	14	4,750	4,812	4,750	4,812
Provisions		4,750	4,812	4,750	4,812
Corporation tax		5,350	4,521	5,350	4,521
Long-term debt	15	5,350	4,521	5,350	4,521
Trade payables		7,745	7,132	6,297	6,327
Contract work in progress	12	2,795	5,361	1,276	2,983
Payables to group enterprises		0	0	1,281	1,298
Corporation tax		1,678	169	0	0
Other payables		14,696	19,742	12,691	13,699
Deferred income	16	23,037	20,469	8,513	8,732
Short-term debt		49,951	52,873	30,058	33,039
Debt		55,301	57,394	35,408	37,560
Liabilities and equity		159,887	165,498	139,994	145,664
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Subsequent events	22				
Accounting Policies	23				

Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Equity at 1 October	1,341	-256	88,707	13,500	103,292
Exchange adjustments	0	0	719	0	719
Ordinary dividend paid	0	0	0	-13,500	-13,500
Extraordinary dividend paid	0	0	-25,000	0	-25,000
Fair value adjustment of hedging instruments, end of year	0	211	0	0	211
Tax on adjustment of hedging instruments for the year	0	-46	0	0	-46
Net profit/loss for the year	0	0	17,160	17,000	34,160
Equity at 30 September	1,341	-91	81,586	17,000	99,836

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Equity at 1 October	1,341	19,618	13,567	-256	55,522	13,500	103,292
Exchange adjustments	0	163	0	0	956	0	1,119
Ordinary dividend paid	0	0	0	0	0	-13,500	-13,500
Extraordinary dividend paid	0	0	0	0	-25,000	0	-25,000
Fair value adjustment of hedging instruments, end of year	0	0	0	211	0	0	211
Tax on adjustment of hedging instruments for the year	0	0	0	-46	0	0	-46
Development costs for the year	0	0	-400	0	0	0	-400
Net profit/loss for the year	0	460	0	0	16,700	17,000	34,160
Equity at 30 September	1,341	20,241	13,167	-91	48,178	17,000	99,836

Cash flow statement 1 October 2023 - 30 September 2024

	Note	Group	
		2023/24	2022/23
		TEUR	TEUR
Result of the year		34,160	27,327
Adjustments	17	19,295	15,852
Change in working capital	18	11,483	451
Cash flow from operations before financial items		64,938	43,630
Financial income		2,836	1,847
Financial expenses		-1,802	-1,963
Cash flows from ordinary activities		65,972	43,514
Corporation tax paid		-8,670	-5,888
Cash flows from operating activities		57,302	37,626
Purchase of intangible assets		-6,478	-5,643
Purchase of property, plant and equipment		-1,449	-1,399
Fixed asset investments made etc		-194	-192
Sale of property, plant and equipment		99	0
Cash flows from investing activities		-8,022	-7,234
Dividend paid		-38,500	-10,000
Cash flows from financing activities		-38,500	-10,000
Change in cash and cash equivalents		10,780	20,392
Cash and cash equivalents at 1 October		83,964	63,060
Exchange adjustments		708	512
Cash and cash equivalents at 30 September		95,452	83,964
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		95,452	83,964
Cash and cash equivalents at 30 September		95,452	83,964

Notes to the Financial Statements

1. Revenue

The Group's segments are business segments and geographical markets.

The Group's key business segments are Defence and Healthcare. Secondary business segments are immaterial. Management has decided not to give additional information about the business and geographical breakdown of revenue as a detailed breakdown of revenue will significantly harm the Group because of the nature of the clients within Intelligence and national security. This is with reference to the Danish Financial Statements Act § 96

The Group has no discontinued operations.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
2. Staff Expenses				
Wages and salaries	99,314	88,455	75,017	68,641
Pensions	5,343	4,228	4,760	3,737
Other social security expenses	3,167	3,106	982	793
	107,824	95,789	80,759	73,171
Including remuneration to the Executive Board	1,738	1,158	1,738	1,158
Average number of employees	994	946	739	713

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	7,183	6,273	7,182	6,272
Depreciation of property, plant and equipment	1,667	1,525	1,235	1,299
Gain and loss on disposal	0	-3	0	0
	8,850	7,795	8,417	7,571

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
4. Income tax expense				
Current tax for the year	11,170	6,584	8,288	5,308
Deferred tax for the year	-60	1,253	-60	1,253
Adjustment of tax concerning previous years	0	-149	0	-149
	11,110	7,688	8,228	6,412

	Parent company	
	2023/24	2022/23
	TEUR	TEUR
5. Profit allocation		
Extraordinary dividend paid	25,000	0
Proposed dividend for the year	17,000	13,500
Reserve for net revaluation under the equity method	460	3,412
Retained earnings	-8,300	10,415
	34,160	27,327

Notes to the Financial Statements

6. Intangible fixed assets

	Group		Parent company	
	Completed development projects	Acquired patents	Completed development projects	Acquired patents
	TEUR	TEUR	TEUR	TEUR
Cost at 1 October	47,944	2,741	47,944	2,741
Exchange adjustment	9	0	9	0
Additions for the year	6,478	0	6,478	0
Cost at 30 September	54,431	2,741	54,431	2,741
Impairment losses and amortisation at 1 October	30,550	2,329	30,550	2,329
Exchange adjustment	7	0	7	0
Amortisation for the year	6,992	189	6,992	189
Impairment losses and amortisation at 30 September	37,549	2,518	37,549	2,518
Carrying amount at 30 September	16,882	223	16,882	223

Completed development projects relates to software for the Defence and Healthcare segments. Revenue and earnings on the products marketed and sold worldwide have since the launch exceeded expectations in budgets and forecasts, and thus there are no identified indicators of impairment.

Notes to the Financial Statements

7. Property, plant and equipment

	Group		Parent company	
	Other fixtures and fittings, tools and equipment	Leasehold improvements	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TEUR	TEUR	TEUR	TEUR
Cost at 1 October	9,422	10,212	7,522	8,727
Exchange adjustment	-84	-5	1	1
Additions for the year	1,190	259	865	246
Disposals for the year	-110	0	-106	0
Cost at 30 September	10,418	10,466	8,282	8,974
Impairment losses and depreciation at 1 October	8,435	4,531	6,951	3,783
Exchange adjustment	-83	-1	1	1
Impairment losses for the year	50	0	50	0
Depreciation for the year	610	995	381	814
Reversal of impairment and depreciation of sold assets	-11	0	-11	0
Impairment losses and depreciation at 30 September	9,001	5,525	7,372	4,598
Carrying amount at 30 September	1,417	4,941	910	4,376

Notes to the Financial Statements

	Parent company	
	<u>2023/24</u>	<u>2022/23</u>
	TEUR	TEUR
8. Investments in subsidiaries		
Cost at 1 October	805	807
Exchange adjustment	2	-2
Cost at 30 September	<u>807</u>	<u>805</u>
Value adjustments at 1 October	19,870	16,600
Exchange adjustment	163	-393
Net profit/loss for the year	6,034	3,663
Dividend to the Parent Company	-6,110	0
Other equity movements, net	905	0
Value adjustments at 30 September	<u>20,862</u>	<u>19,870</u>
Carrying amount at 30 September	<u>21,669</u>	<u>20,675</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Systematic Software Engineering Ltd.	Surrey, GB	100%
- Systematic Software Engineering Australia Pty. Ltd.	Barton, AU	100%
Systematic Inc.	Virginia, US	100%
Systematic OY Finland	Tampere, FI	100%
Systematic Sweden AB	Stockholm, SE	100%
Systematic GmbH	Cologne, DE	100%
Systematic Canada Inc.	Ottawa, CA	100%
Systematic New Zealand Ltd.	Wellington, NZ	100%
Systematic Development Center SRL	Bukarest, RO	100%

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
9. Investments in associates				
Cost at 1 October	1,341	1,345	1,341	1,345
Exchange adjustment	0	-4	0	-4
Cost at 30 September	1,341	1,341	1,341	1,341
Value adjustments at 1 October	-252	0	-252	0
Net profit/loss for the year	-369	-252	-369	-252
Value adjustments at 30 September	-621	-252	-621	-252
Carrying amount at 30 September	720	1,089	720	1,089

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
CUBEDIN A/S	Aalborg	50%

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
10. Investments in participating interests				
Cost at 1 October	394	399	394	399
Exchange adjustment	0	-1	0	-1
Disposals for the year	0	-4	0	-4
Cost at 30 September	394	394	394	394
Carrying amount at 30 September	394	394	394	394

Investments in participating interests are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
Conscensia Holding A/S	Aalborg	25%	1,421	17
			<u>1,421</u>	<u>17</u>

11. Other fixed asset investments

	Group		Parent company	
	Deposits		Deposits	
	TEUR	TEUR	TEUR	TEUR
Cost at 1 October		1,612		1,104
Additions for the year		194		148
Cost at 30 September		1,806		1,252
Carrying amount at 30 September		1,806		1,252

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
12. Contract work in progress				
Contract work in progress is recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	5,637	5,071	1,710	4,358
Prepayments received recognised in debt	-2,795	-5,361	-1,276	-2,983
	2,842	-290	434	1,375

13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
14. Provision for deferred tax				
Deferred tax liabilities at 1 October	4,812	370	4,812	370
Transferred to current tax	0	3,260	0	3,260
Amounts recognised in the income statement for the year	-60	1,253	-60	1,253
Amounts recognised in equity for the year	-2	-71	-2	-71
Deferred tax liabilities at 30 September	4,750	4,812	4,750	4,812

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TEUR	TEUR	TEUR	TEUR

15. Long-term debt

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

The debt falls due for payment as specified below:

Corporation tax

After 5 years	0	0	0	0
Between 1 and 5 years	5,350	4,521	5,350	4,521
Long-term part	5,350	4,521	5,350	4,521
Within 1 year	1,678	169	0	0
	7,028	4,690	5,350	4,521

16. Deferred income

Prepayments and accrued income related to service contracts.

Group	
2023/24	2022/23
TEUR	TEUR

17. Cash flow statement - Adjustments

Financial income	-2,836	-1,847
Financial expenses	1,802	1,963
Depreciation, amortisation and impairment losses, including losses and gains on sales	8,850	7,795
Income from investments in associates	369	252
Tax on profit/loss for the year	11,110	7,688
Exchange adjustments	0	1
	19,295	15,852

Notes to the Financial Statements

	Group	
	2023/24	2022/23
	TEUR	TEUR
18. Cash flow statement - Change in working capital		
Change in receivables	15,703	-347
Change in trade payables, etc	-4,431	798
Fair value adjustments of hedging instruments	211	0
	11,483	451

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	TEUR	TEUR	TEUR	TEUR
19. Contingent assets, liabilities and other financial obligations				

Charges and security

Derivative financial instruments comprise per 30.09.2024 forward exchange contracts, which are continuously measured at fair value, with a negative value of EUR 117t (EUR 328t). On the balance date, the nominal value of the security amounts to EUR 11.938t (EUR 10,179t). No security has been provided for the contracts.

In order to secure future cash flows regarding known payments from customers, the group has entered into forward exchange contracts (CHF/EUR/RON) with its usual bank connection. The forward exchange contracts have a term of 1-13 months.

The company has provided security for bank guarantees of EUR 2.967t that a subsidiary has given to a third party as in a continuing business relationship. The secured part of the subsidiary's bank exposure amounts to EUR 0k on 30.09.2024.

Rental and lease obligations

Total liabilities under rental or lease agreements until maturity	14,209	16,727	10,369	12,825
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Guarantee obligations

The company has provided a total guarantee of EUR 174t , of which EUR 0 has been drawn.

Notes to the Financial Statements

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
TEUR	TEUR	TEUR	TEUR

19. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group is part of a Danish joint taxation with Michael Holm Holding ApS as the tax principal. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is liable for income taxes etc. for the jointly taxed enterprises and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these enterprises. The total net tax liability is incorporated in the accounts for Michael Holm Holding ApS.

20. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Michael Holm	Michael Holm, Risskov possess through Michael Holm Holding ApS, Aarhus, CVR-nr. 39391996, Michael Holm Holding II ApS, Aarhus, CVR-nr. 40894799 and Systematic Holding ApS, Aarhus, CVR-nr. 19000680, majority of votes at the general meeting, and has therefore like Michael Holm Holding ApS, Michael Holm Holding II ApS and Systematic Holding ApS controlling interest.

Transactions

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

No such transactions were conducted during the financial year.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Michael Holm Holding ApS, CVR no. 39391996	Risskov

The Group Annual Report of Michael Holm Holding ApS may be obtained at cvr.dk

Notes to the Financial Statements

21. Fee to auditors appointed at the general meeting

With reference to the Danish Financial Statements Act §96 subsection 3, we refer to the above consolidated financial statements for Michael Holm Holding ApS.

22. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

23. Accounting policies

The Annual Report of Systematic A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. Adjustments have been made to the comparative period. These adjustments have no impact on the result or equity.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in TEUR.

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Translation policies

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on is based on the Group's risks and returns and its internal financial reporting system.

Income statement

Revenue

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

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

Notes to the Financial Statements

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

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries, associates and participating interests

Dividends from participating interests are recognised as income in the income statement when adopted at the General Meeting of the participating interest. However, dividends relating to earnings in the participating interest before it was acquired by the Parent Company are set off against the cost of the participating interest.

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

The Company is jointly taxed with Michael Holm Holding ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3-5 years.

Property, plant and equipment

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

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5-20 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries and associates are recognised and measured under the equity method. Investments in participating interests are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposit.

Receivables

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

Contract work in progress

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

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

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

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

Notes to the Financial Statements

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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

Cash flows from operating activities

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

Notes to the Financial Statements

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
EBIT margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Net margin	$\text{Profit/loss for the year} * 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$