

# Systematic Annual report 2022/23



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# Entity details

## Entity

Systematic A/S  
Søren Frichs Vej 39  
8000 Aarhus C

Business Registration No.: 78834412  
Registered office: Aarhus  
Financial year: 01.10.2022 - 30.09.2023

## Statutory reports on the Entity's website

Statutory report on corporate social responsibility: <https://systematic.com/en-gb/our-company/sustainability/>

## Board of Directors

Peter Lorens Ravn, chairman  
Lars Monrad-Gylling, vice-chairman  
Timothy Michael Wickham  
Helle Østergaard Kristiansen  
Nick Hækkerup  
Allan Weinhandler Iversen, employee elected  
Pernille Keum Hjort Møller, employee elected

## Executive Board

Michael Holm

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Systematic A/S for the financial year 01.10.2022 - 30.09.2023.

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 30.09.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2022 - 30.09.2023.

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.

Aarhus, 13.12.2023

## Executive Board

**Michael Holm**

## Board of Directors

**Peter Lorens Ravn**  
chairman

**Lars Monrad-Gylling**  
vice-chairman

**Timothy Michael Wickham**

**Helle Østergaard Kristiansen**

**Nick Hækkerup**

**Allan Weinhandler Iversen**  
employee elected

**Pernille Keum Hjort Møller**  
employee elected

# Independent auditor's report

## To the shareholders of Systematic A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Systematic A/S for the financial year 01.10.2022 - 30.09.2023, 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 30.09.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2022 - 30.09.2023 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.

Aarhus, 13.12.2023

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Michael Bach**

State Authorised Public Accountant  
Identification No (MNE) mne19691

#### **Søren Lassen**

State Authorised Public Accountant  
Identification No (MNE) mne18520

# Management commentary

## Financial highlights

	2022/23	2021/22	2020/21	2019/20	2018/19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Key figures</b>					
Revenue	191,772	178,085	173,124	148,220	135,782
Gross profit/loss	138,967	118,814	125,453	107,045	96,232
Operating profit/loss (EBIT)	35,382	23,073	32,681	19,635	12,170
Net financials	(116)	1,558	(912)	85	(412)
Profit/loss for the year	27,327	19,460	24,435	15,650	8,710
Balance sheet total	171,599	145,546	149,282	119,518	102,067
Investments in property, plant and equipment	1,400	1,326	6,899	1,140	1,392
Equity	103,292	86,780	80,389	62,035	51,306
Cash flows from operating activities	37,626	7,167	43,432	25,116	(5,142)
Cash flows from investing activities	(7,235)	(7,240)	(8,571)	(3,166)	(3,924)
Cash flows from financing activities	(10,000)	(13,447)	(6,724)	(4,029)	(26,927)
Cash and cash equivalents	83,963	63,060	76,060	48,309	30,973
Average number of employees	946	903	882	919	926
<b>Ratios</b>					
Gross margin (%)	72.46	66.72	72.46	72.22	70.87
Net margin (%)	14.25	10.93	14.11	10.56	6.41
Return on equity (%)	28.75	23.28	34.31	27.62	17.94
Equity ratio (%)	60.19	59.62	53.85	51.90	50.27
EBIT margin (%)	18.45	12.96	18.88	13.24	8.96



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

**Gross margin (%):**

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

**Net margin (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

**Return on equity (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

**Equity ratio (%):**

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

**EBIT margin (%):**

$\frac{\text{Operating profit/loss for the year (EBIT)} * 100}{\text{Revenue}}$

## Primary activities

### *Systematic at a glance*

Systematic's mission is to "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 in 1985, we have developed into an international IT company first and foremost based on organic growth that focuses on two key business areas: Defence and Healthcare and focused areas within 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 make sense out of 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, trialled 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 and the USA and we have partners in 15 countries.

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 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 2022/23 are within Defence the expansion of the partnership with the British Army, by deploying SitaWare at large scale with 1,400 new software licenses for SitaWare Headquarters, the Italian Army joining as a new customer for us within NATO and Poland's armoured forces acquiring SitaWare Frontline as the C2 system equipped in their new Abrams tanks.

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.

For Healthcare continuous implementation and aligning the use of our electronic health record, Columna CIS, in all hospitals across Central Region Denmark, Region South Denmark and Region North Denmark and the international expansion continued in Healthcare with wins with our Flow platform in Finland and the Netherlands. In Denmark we have won 3 additional customers on Cura totalling 36 municipalities using the system.

In Library and Learning we provide IT solutions which digitalise and support administration, collaboration and innovation at libraries and educational institutions. This is represented through our future-proof Cicero product portfolio. Cicero is the IT backbone for both public and school libraries supporting librarians, patrons, and students.

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. Supported 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 combining a high degree of user-friendliness with significant efficiency improvements.

In line with previous years, we have in 2022/23 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 we in Systematic in 2005 achieved our first CMMI© level 5 accreditation for software development processes, we have maintained the highest possible accreditation through a series of appraisals conducted every 3rd year, lastly in 2021 and next time in 2024. It is not the actual certification and associated brand image that drives and motivates Systematic to continually invest in aim for the highest maturity level in software development. The driving motivator are the benefits in the higher 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 deliver 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 in Europe less than 20 IT companies hold it in.

#### **Development in activities and finances**

Our financial year 2022/23 has been a year with continued growth in revenue driven by international sales. We have posted a revenue of EUR 192m in 2022/23 which is a 8.0% growth compared to previous year and a continuation of the last years' organic revenue growth.

We realise an EBIT of EUR 35.4m in 2022/23, equal to an EBIT-margin of 18.5% compared to 13.0 % last year. The EBIT-margin in 2022/23 is an improvement compared to 2021/22 as a result of our strategy to change the product mix to a relative higher share of product sale.

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 84.0m.

### **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 within the Defence and Healthcare areas.

### **Outlook**

We enter the financial year 2023/24 with an order-book coverage similar to previous years and see a positive market outlook for our primary product portfolio but also an inflationary pressure on the cost base impacting profitability. Despite the inflationary pressure on the cost base we will, in line with our long term focus, again in 2023/24 raise 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 the financial profitability of 2023/24 to end slightly lower than 2022/23.

### **Use of financial instruments**

Systematic's business entails several commercial and financial risks, but no more than what is considered normal for the industry. Despite that, the group enters forward exchange contracts with its bank connection in order to secure future cash flows regarding payments from customers. The forward exchange contracts are established on a short-term basis and hedges only known cash flows according to concluded contracts and associated payment plans.

### **Knowledge resources**

As a professional software and systems integrator, Systematic is a people business. We depend on having highly skilled and knowledgeable employees. In 2022/23, we employed 203 new employees, excluding students and interns, bringing the total number of full-time employees to 963 (head count 1074).

It is our dedicated people who make the difference, and 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 doing 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 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 and 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. In 2022/2023 we have trained all employees in our Employee Code of Ethics and Conduct and done extra 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" are available to all who become aware of any kind of misconduct connected with our business or violations of our Code of Conducts. The whistle-blower hotline "Tell Us" is managed by the independent consulting company Deloitte 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 <https://systematic.com/en-gb/our-company/sustainability/> (statutory report on corporate social responsibility under Section 99a of the Danish Financial Statements Act).

### **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.

The board comprises of seven members: five men and two women. Two of the members, one man and one woman, are employee elected members. Our objective for balanced representation for the external board members is 20% by FY25 and 25% by FY30. We have already reached our objective for FY25 with 20% (four men and one woman).

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 policy regarding the under-represented gender 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 29.4% female employees and 30.2% female people managers.

Our Group Management comprises of nine employees, of which two are women. 13.7% of senior managers including Group Management, vice presidents and directors are women.

We find this development satisfactory, especially considering the gender distribution among IT professionals in Denmark with a gender distribution of 29.0% 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.

### **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, and that safeguards the security, quality and integrity of the data we process. In 2022/2023 we have implemented an updated 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 policy's 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 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 secure continuously improvement of data protection 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.

# Consolidated income statement for 2022/23

	Notes	2022/23 EUR	2021/22 EUR
Revenue	1	191,771,922	178,085,448
Own work capitalised	2	5,367,500	3,789,384
Cost of sales		(35,727,305)	(35,183,647)
Other external expenses		(22,444,833)	(27,877,448)
<b>Gross profit/loss</b>		<b>138,967,284</b>	<b>118,813,737</b>
Staff costs	3	(95,789,775)	(87,999,400)
Depreciation, amortisation and impairment losses	4	(7,795,056)	(7,741,297)
<b>Operating profit/loss (EBIT)</b>		<b>35,382,453</b>	<b>23,073,040</b>
Income from investments in associates		(251,550)	0
Other financial income		1,847,092	1,577,172
Other financial expenses		(1,962,726)	(19,665)
<b>Profit/loss before tax</b>		<b>35,015,269</b>	<b>24,630,547</b>
Tax on profit/loss for the year	5	(7,687,954)	(5,170,205)
<b>Profit/loss for the year</b>	6	<b>27,327,315</b>	<b>19,460,342</b>

# Consolidated balance sheet at 30.09.2023

## Assets

	Notes	2022/23 EUR	2021/22 EUR
Completed development projects	8	17,393,955	18,341,116
Acquired intangible assets		412,100	234,686
<b>Intangible assets</b>	7	<b>17,806,055</b>	<b>18,575,802</b>
Other fixtures and fittings, tools and equipment		987,004	1,273,783
Leasehold improvements		5,681,602	5,642,496
<b>Property, plant and equipment</b>	9	<b>6,668,606</b>	<b>6,916,279</b>
Investments in associates		1,089,454	1,344,719
Investments in participating interests		394,054	399,261
Deposits		1,611,403	1,418,931
<b>Financial assets</b>	10	<b>3,094,911</b>	<b>3,162,911</b>
<b>Fixed assets</b>		<b>27,569,572</b>	<b>28,654,992</b>
Trade receivables		49,171,719	39,491,456
Contract work in progress	11	5,070,362	9,292,093
Receivables from group enterprises		3,621	0
Other receivables		668,121	996,220
Tax receivable		210,219	422,104
Prepayments	12	4,941,123	3,629,102
<b>Receivables</b>		<b>60,065,165</b>	<b>53,830,975</b>
<b>Cash</b>		<b>83,963,910</b>	<b>63,060,042</b>
<b>Current assets</b>		<b>144,029,075</b>	<b>116,891,017</b>
<b>Assets</b>		<b>171,598,647</b>	<b>145,546,009</b>



**Equity and liabilities**

	Notes	2022/23 EUR	2021/22 EUR
Contributed capital		1,341,004	1,344,719
Reserve for fair value adjustments of hedging instruments		(255,760)	0
Retained earnings		88,707,011	75,434,946
Proposed dividend for the financial year		13,500,000	10,000,000
<b>Equity</b>		<b>103,292,255</b>	<b>86,779,665</b>
Deferred tax	13	4,811,924	370,470
<b>Provisions</b>		<b>4,811,924</b>	<b>370,470</b>
Tax payable		4,520,605	4,520,726
<b>Non-current liabilities other than provisions</b>	14	<b>4,520,605</b>	<b>4,520,726</b>
Contract work in progress	11	5,360,466	3,154,324
Trade payables		7,132,701	7,473,042
Tax payable		169,412	1,641,061
Other payables	15	19,741,579	15,880,754
Deferred income	16	26,569,705	25,725,967
<b>Current liabilities other than provisions</b>		<b>58,973,863</b>	<b>53,875,148</b>
<b>Liabilities other than provisions</b>		<b>63,494,468</b>	<b>58,395,874</b>
<b>Equity and liabilities</b>		<b>171,598,647</b>	<b>145,546,009</b>
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Transactions with related parties	22		
Subsidiaries	23		

# Consolidated statement of changes in equity for 2022/23

	Contributed capital EUR	Reserve for fair value adjustments of hedging instruments EUR	Retained earnings EUR	Proposed dividend for the financial year EUR	Total EUR
Equity beginning of year	1,344,719	0	75,434,946	10,000,000	86,779,665
Ordinary dividend paid	0	0	0	(10,000,000)	(10,000,000)
Exchange rate adjustments	(3,715)	0	(555,250)	0	(558,965)
Fair value adjustments of hedging instruments	0	(327,898)	0	0	(327,898)
Tax of entries on equity	0	72,138	0	0	72,138
Profit/loss for the year	0	0	13,827,315	13,500,000	27,327,315
<b>Equity end of year</b>	<b>1,341,004</b>	<b>(255,760)</b>	<b>88,707,011</b>	<b>13,500,000</b>	<b>103,292,255</b>

# Consolidated cash flow statement for 2022/23

	Notes	2022/23 EUR	2021/22 EUR
Operating profit/loss (EBIT)		35,382,453	23,073,040
Amortisation, depreciation and impairment losses		7,795,056	7,741,297
Working capital changes	17	452,393	(16,983,397)
<b>Cash flow from ordinary operating activities</b>		<b>43,629,902</b>	<b>13,830,940</b>
Financial income received		1,847,092	1,577,172
Financial expenses paid		(1,962,726)	(19,665)
Taxes refunded/(paid)		(5,888,077)	(8,221,668)
<b>Cash flows from operating activities</b>		<b>37,626,191</b>	<b>7,166,779</b>
Investments in development projects		(5,643,067)	(4,548,902)
Investments in property, plant and equipment		(1,399,530)	(1,325,994)
Investments in fixed asset investments		(192,472)	(1,387,782)
Sales of fixed assets		0	22,834
<b>Cash flows from investing activities</b>		<b>(7,235,069)</b>	<b>(7,239,844)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>30,391,122</b>	<b>(73,065)</b>
Dividend paid		(10,000,000)	(13,447,186)
<b>Cash flows from financing activities</b>		<b>(10,000,000)</b>	<b>(13,447,186)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>20,391,122</b>	<b>(13,520,251)</b>
Cash and cash equivalents beginning of year		63,060,042	76,060,331
Currency translation adjustments of cash and cash equivalents		512,746	519,962
<b>Cash and cash equivalents end of year</b>		<b>83,963,910</b>	<b>63,060,042</b>
Cash and cash equivalents at year-end are composed of:			
Cash		83,963,910	63,060,042
<b>Cash and cash equivalents end of year</b>		<b>83,963,910</b>	<b>63,060,042</b>

# Notes to consolidated financial statements

## 1 Revenue

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

The Group's primary business segment in general consist of delivery of reliable and straightforward IT solutions and products. Secondary business segments are immaterial. Management wishes with regard to the Danish Financial Statements Act § 96 not to give additional information about the business and geographical breakdown of revenue as a detailed breakdown of revenue will significantly harm the competitive situation.

The Group has no discontinued operations.

## 2 Own work capitalised

The item includes the part of staff costs, cf. note 3, recognized in the balance sheet as intangible assets.

## 3 Staff costs

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	88,455,329	80,979,690
Pension costs	4,228,731	4,082,964
Other social security costs	3,105,715	2,936,746
	<b>95,789,775</b>	<b>87,999,400</b>
Average number of full-time employees	946	903

	<b>Remuneration of management 2022/23 EUR</b>	<b>Remuneration of management 2021/22 EUR</b>
Total amount for management categories	1,185,305	1,445,049
	<b>1,185,305</b>	<b>1,445,049</b>

## 4 Depreciation, amortisation and impairment losses

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Amortisation of intangible assets	6,272,665	5,895,604
Depreciation on property, plant and equipment	1,525,470	1,845,693
Profit/loss from sale of intangible assets and property, plant and equipment	(3,079)	0
	<b>7,795,056</b>	<b>7,741,297</b>

## 5 Tax on profit/loss for the year

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Current tax	6,583,312	6,175,750
Change in deferred tax	1,253,428	(1,027,634)
Adjustment concerning previous years	(148,786)	22,089
	<b>7,687,954</b>	<b>5,170,205</b>

## 6 Proposed distribution of profit/loss

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Ordinary dividend for the financial year	13,500,000	10,000,000
Retained earnings	13,827,315	9,460,342
	<b>27,327,315</b>	<b>19,460,342</b>

## 7 Intangible assets

	<b>Completed development projects</b>	<b>Acquired intangible assets</b>
	<b>EUR</b>	<b>EUR</b>
Cost beginning of year	42,777,966	2,472,747
Exchange rate adjustments	(201,798)	(7,209)
Additions	5,367,500	275,567
<b>Cost end of year</b>	<b>47,943,668</b>	<b>2,741,105</b>
Amortisation and impairment losses beginning of year	(24,436,850)	(2,238,061)
Exchange rate adjustments	62,528	6,330
Amortisation for the year	(6,175,391)	(97,274)
<b>Amortisation and impairment losses end of year</b>	<b>(30,549,713)</b>	<b>(2,329,005)</b>
<b>Carrying amount end of year</b>	<b>17,393,955</b>	<b>412,100</b>

## 8 Development projects

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.

## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Leasehold improvements EUR
Cost beginning of year	9,239,101	9,256,618
Exchange rate adjustments	(238,442)	(22,855)
Additions	421,133	978,397
<b>Cost end of year</b>	<b>9,421,792</b>	<b>10,212,160</b>
Depreciation and impairment losses beginning of year	(7,965,318)	(3,614,122)
Exchange rate adjustments	132,114	7,450
Depreciation for the year	(601,584)	(923,886)
<b>Depreciation and impairment losses end of year</b>	<b>(8,434,788)</b>	<b>(4,530,558)</b>
<b>Carrying amount end of year</b>	<b>987,004</b>	<b>5,681,602</b>

## 10 Financial assets

	Investments in associates EUR	Investments in participating interests EUR	Deposits EUR
Cost beginning of year	1,344,719	399,261	1,418,931
Exchange rate adjustments	(3,715)	(1,130)	(3,920)
Additions	0	0	257,701
Disposals	0	(4,077)	(61,309)
<b>Cost end of year</b>	<b>1,341,004</b>	<b>394,054</b>	<b>1,611,403</b>
Share of profit/loss for the year	(251,550)	0	0
<b>Impairment losses end of year</b>	<b>(251,550)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,089,454</b>	<b>394,054</b>	<b>1,611,403</b>

Associates	Registered in	Ownership %
CUBEDIN A/S	Aarhus	50.00

Investments in participating interests	Registered in	Ownership %	Equity EUR	Profit/loss EUR
Conscencia A/S	Aalborg	25.00	1,422,853	486,074

**11 Contract work in progress**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Contract work in progress	21,973,762	22,100,515
Progress billings	(22,263,866)	(15,962,746)
Transferred to liabilities other than provisions	5,360,466	3,154,324
	<b>5,070,362</b>	<b>9,292,093</b>

**12 Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years.

**13 Deferred tax**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Intangible assets	3,738,450	586,298
Property, plant and equipment	216,170	70,194
Receivables	1,002,937	15,195
Liabilities other than provisions	(145,633)	(301,217)
<b>Deferred tax</b>	<b>4,811,924</b>	<b>370,470</b>

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
<b>Changes during the year</b>		
Beginning of year	370,470	203,335
Recognised in the income statement	1,253,428	(1,027,634)
Recognised directly in equity	(72,138)	0
Other adjustment	0	1,194,769
Transferred to current tax	3,260,164	0
<b>End of year</b>	<b>4,811,924</b>	<b>370,470</b>

**14 Non-current liabilities other than provisions**

	<b>Due after more than 12 months 2022/23 EUR</b>
Tax payable	4,520,605
	<b>4,520,605</b>

**15 Other payables**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
VAT and duties	5,225,694	1,918,444
Wages and salaries, personal income taxes, social security costs, etc. payable	5,778,985	5,154,268
Holiday pay obligation	4,634,780	4,323,511
Other costs payable	4,102,120	4,484,531
	<b>19,741,579</b>	<b>15,880,754</b>

**16 Deferred income**

Prepayments and accrued income related to service contracts.

**17 Changes in working capital**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Increase/decrease in receivables	(6,446,075)	(11,213,597)
Increase/decrease in trade payables etc.	6,898,468	(5,769,800)
	<b>452,393</b>	<b>(16,983,397)</b>

**18 Derivative financial instruments**

Derivative financial instruments comprise per 30.09.2023 forward exchange contracts, which are continuously measured at fair value, with a negative value of EUR 328t. On the balance date, the nominal value of the security amounts to 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) with its usual bank connection. The forward exchange contracts have a term of 1-16 months.

No derivative financial instruments were included in the 2021/22 annual accounts.

**19 Unrecognised rental and lease commitments**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Total liabilities under rental or lease agreements until maturity	<b>16,726,841</b>	<b>17,757,506</b>



## 20 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

## 21 Assets charged and collateral

The group has provided bank guarantees of EUR 2,574k to a third party as part of an ongoing business relationship as well as a guarantee for credit cards with a total limit of EUR 132k.

## 22 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.

## 23 Subsidiaries

	<b>Registered in</b>	<b>Corporate form</b>	<b>Ownership %</b>
Systematic Software Engineering Ltd.	Surrey, GB	Ltd.	100.00
- Systematic Software Engineering Australia Pty. Ltd.	Barton, AU	Pty. Ltd.	100.00
Systematic Inc.	Virginia, US	Inc.	100.00
Systematic OY Finland	Tampere, FI	OY	100.00
Systematic Sweden AB	Stockholm, SE	AB	100.00
Systematic GmbH	Cologne, DE	GmbH	100.00
Systematic Canada Inc.	Ottawa, CA	Inc.	100.00
Systematic New Zealand Ltd.	Wellington, NZ	Ltd.	100.00
Systematic Development Center SRL	Bukarest, RO	SRL	100.00

# Parent income statement for 2022/23

	Notes	2022/23 EUR	2021/22 EUR
Revenue	1	154,691,387	158,436,383
Own work capitalised	2	5,367,500	3,789,384
Cost of sales		(32,025,693)	(46,277,239)
Other external expenses		(16,514,006)	(22,157,228)
<b>Gross profit/loss</b>		<b>111,519,188</b>	<b>93,791,300</b>
Staff costs	3	(73,171,242)	(67,723,045)
Depreciation, amortisation and impairment losses	4	(7,571,358)	(7,425,499)
<b>Operating profit/loss (EBIT)</b>		<b>30,776,588</b>	<b>18,642,756</b>
Income from investments in group enterprises		3,663,169	4,617,176
Income from investments in associates		(251,550)	0
Other financial income		1,475,997	442,589
Other financial expenses		(1,924,607)	(14,298)
<b>Profit/loss before tax</b>		<b>33,739,597</b>	<b>23,688,223</b>
Tax on profit/loss for the year	5	(6,412,282)	(4,227,881)
<b>Profit/loss for the year</b>	6	<b>27,327,315</b>	<b>19,460,342</b>

# Parent balance sheet at 30.09.2023

## Assets

	Notes	2022/23 EUR	2021/22 EUR
Completed development projects	8	17,393,955	18,252,268
Acquired intangible assets		411,995	234,455
<b>Intangible assets</b>	7	<b>17,805,950</b>	<b>18,486,723</b>
Other fixtures and fittings, tools and equipment		570,962	861,047
Leasehold improvements		4,943,968	5,455,474
<b>Property, plant and equipment</b>	9	<b>5,514,930</b>	<b>6,316,521</b>
Investments in group enterprises		20,675,465	17,407,243
Investments in associates		1,089,454	1,344,719
Investments in participating interests		394,054	399,234
Deposits		1,103,721	1,058,150
<b>Financial assets</b>	10	<b>23,262,694</b>	<b>20,209,346</b>
<b>Fixed assets</b>		<b>46,583,574</b>	<b>45,012,590</b>
Trade receivables		20,171,478	24,347,863
Contract work in progress	11	4,357,740	6,001,531
Receivables from group enterprises		42,100,488	35,037,520
Other receivables		1,153	62,094
Tax receivable		210,219	1,501,380
Prepayments	12	4,077,177	3,333,621
<b>Receivables</b>		<b>70,918,255</b>	<b>70,284,009</b>
<b>Cash</b>		<b>28,999,358</b>	<b>9,753,993</b>
<b>Current assets</b>		<b>99,917,613</b>	<b>80,038,002</b>
<b>Assets</b>		<b>146,501,187</b>	<b>125,050,592</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022/23 EUR</b>	<b>2021/22 EUR</b>
Contributed capital		1,341,004	1,344,719
Reserve for fair value adjustments and hedging instruments		(255,760)	0
Reserve for net revaluation according to equity method		19,618,425	16,599,522
Reserve for development costs		13,567,285	14,236,769
Retained earnings		55,521,301	44,598,655
Proposed dividend for the financial year		13,500,000	10,000,000
<b>Equity</b>		<b>103,292,255</b>	<b>86,779,665</b>
Deferred tax	13	4,811,924	370,470
<b>Provisions</b>		<b>4,811,924</b>	<b>370,470</b>
Tax payable		4,520,605	4,520,726
<b>Non-current liabilities other than provisions</b>	14	<b>4,520,605</b>	<b>4,520,726</b>
Contract work in progress	11	2,982,826	3,154,324
Trade payables		6,327,234	6,244,646
Payables to group enterprises		1,297,807	2,663,527
Other payables	15	13,699,961	14,723,713
Deferred income	16	9,568,575	6,593,521
<b>Current liabilities other than provisions</b>		<b>33,876,403</b>	<b>33,379,731</b>
<b>Liabilities other than provisions</b>		<b>38,397,008</b>	<b>37,900,457</b>
<b>Equity and liabilities</b>		<b>146,501,187</b>	<b>125,050,592</b>
Financial instruments	17		
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Transactions with related parties	22		

# Parent statement of changes in equity for 2022/23

	Contributed capital EUR	Reserve for fair value adjustments of hedging instruments EUR	Reserve for net revaluation according to the equity method EUR	Reserve for development costs EUR	Retained earnings EUR
Equity beginning of year	1,344,719	0	16,599,522	14,236,769	44,598,655
Ordinary dividend paid	0	0	0	0	0
Exchange rate adjustments	(3,715)	0	(392,716)	0	(162,534)
Fair value adjustments of hedging instruments	0	(327,898)	0	0	0
Tax of entries on equity	0	72,138	0	0	0
Transfer to reserves	0	0	0	(669,484)	669,484
Profit/loss for the year	0	0	3,411,619	0	10,415,696
<b>Equity end of year</b>	<b>1,341,004</b>	<b>(255,760)</b>	<b>19,618,425</b>	<b>13,567,285</b>	<b>55,521,301</b>

	Proposed dividend for the year EUR	Total EUR
Equity beginning of year	10,000,000	86,779,665
Ordinary dividend paid	(10,000,000)	(10,000,000)
Exchange rate adjustments	0	(558,965)
Fair value adjustments of hedging instruments	0	(327,898)
Tax of entries on equity	0	72,138
Transfer to reserves	0	0
Profit/loss for the year	13,500,000	27,327,315
<b>Equity end of year</b>	<b>13,500,000</b>	<b>103,292,255</b>

# Notes to parent financial statements

## 1 Revenue

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

The company's primary business segment in general consists of delivery of reliable and straightforward IT solutions and products. Secondary business segments are immaterial. Management wishes with regard to the Danish Financial Statements Act § 96 not to give additional information about the business and geographical breakdown of revenue as a detailed breakdown of a company sales will be significantly harm the competitive situation.

The company has no discontinued operations.

## 2 Own work capitalised

The item includes the part of staff costs, cf. note 3, recognized in the balance sheet as intangible assets.

## 3 Staff costs

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Wages and salaries	68,641,332	63,505,901
Pension costs	3,737,489	3,553,466
Other social security costs	792,421	663,678
	<b>73,171,242</b>	<b>67,723,045</b>
Average number of full-time employees	713	693

	<b>Remuneration of Manage- ment 2022/23 EUR</b>	<b>Remuneration of Manage- ment 2021/22 EUR</b>
Total amount for management categories	1,158,485	1,418,153
	<b>1,158,485</b>	<b>1,418,153</b>

## 4 Depreciation, amortisation and impairment losses

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Amortisation of intangible assets	6,272,393	5,887,000
Depreciation on property, plant and equipment	1,298,965	1,538,499
	<b>7,571,358</b>	<b>7,425,499</b>

**5 Tax on profit/loss for the year**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Current tax	5,307,640	5,233,426
Change in deferred tax	1,253,428	(1,027,634)
Adjustment concerning previous years	(148,786)	22,089
	<b>6,412,282</b>	<b>4,227,881</b>

**6 Proposed distribution of profit and loss**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Ordinary dividend for the financial year	13,500,000	10,000,000
Retained earnings	13,827,315	9,460,342
	<b>27,327,315</b>	<b>19,460,342</b>

**7 Intangible assets**

	<b>Completed development projects EUR</b>	<b>Acquired intangible assets EUR</b>
Cost beginning of year	42,694,109	2,472,368
Exchange rate adjustments	(117,941)	(6,830)
Additions	5,367,500	275,190
<b>Cost end of year</b>	<b>47,943,668</b>	<b>2,740,728</b>
Amortisation and impairment losses beginning of year	(24,441,841)	(2,237,913)
Exchange rate adjustments	67,519	6,182
Amortisation for the year	(6,175,391)	(97,002)
<b>Amortisation and impairment losses end of year</b>	<b>(30,549,713)</b>	<b>(2,328,733)</b>
<b>Carrying amount end of year</b>	<b>17,393,955</b>	<b>411,995</b>

## 8 Development projects

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.

## 9 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment</b>	<b>Leasehold improvements</b>
	<b>EUR</b>	<b>EUR</b>
Cost beginning of year	7,303,288	8,474,342
Exchange rate adjustments	(20,175)	(23,410)
Additions	238,689	276,134
<b>Cost end of year</b>	<b>7,521,802</b>	<b>8,727,066</b>
Depreciation and impairment losses beginning of year	(6,442,241)	(3,018,868)
Exchange rate adjustments	17,796	8,340
Depreciation for the year	(526,395)	(772,570)
<b>Depreciation and impairment losses end of year</b>	<b>(6,950,840)</b>	<b>(3,783,098)</b>
<b>Carrying amount end of year</b>	<b>570,962</b>	<b>4,943,968</b>



## 10 Financial assets

	Investments in group enterprises EUR	Investments in associates EUR	Investments in participating interests EUR	Deposits EUR
Cost beginning of year	807,721	1,344,719	399,234	1,058,150
Exchange rate adjustments	(2,231)	(3,715)	(1,103)	(2,923)
Additions	0	0	0	48,494
Disposals	0	0	(4,077)	0
<b>Cost end of year</b>	<b>805,490</b>	<b>1,341,004</b>	<b>394,054</b>	<b>1,103,721</b>
Revaluations beginning of year	16,599,522	0	0	0
Exchange rate adjustments	(392,716)	0	0	0
Share of profit/loss for the year	3,663,169	0	0	0
<b>Revaluations end of year</b>	<b>19,869,975</b>	<b>0</b>	<b>0</b>	<b>0</b>
Share of profit/loss for the year	0	(251,550)	0	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>(251,550)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>20,675,465</b>	<b>1,089,454</b>	<b>394,054</b>	<b>1,103,721</b>

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

Investments in associates	Registered in	Corporate form	Ownership %
CUBEDIN A/S	Aarhus	A/S	50.00

  

Investments in participating interests	Registered in	Corporate form	Ownership %	Equity EUR	Profit/loss EUR
Conscencia A/S	Aalborg	A/S	25.00	1,422,853	486,074

## 11 Contract work in progress

	2022/23 EUR	2021/22 EUR
Contract work in progress	15,448,119	11,025,261
Progress billings	(14,080,077)	(8,178,054)
Transferred to liabilities other than provisions	2,989,698	3,154,324
	<b>4,357,740</b>	<b>6,001,531</b>

## 12 Prepayments

Prepayments recognized under assets comprise incurred costs relating to subsequent financial years.

**13 Deferred tax**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
Intangible assets	3,738,450	586,298
Property, plant and equipment	216,170	70,194
Receivables	1,002,937	15,195
Liabilities other than provisions	(145,633)	(301,217)
<b>Deferred tax</b>	<b>4,811,924</b>	<b>370,470</b>

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
<b>Changes during the year</b>		
Beginning of year	370,470	203,335
Recognised in the income statement	1,253,428	(1,027,634)
Recognised directly in equity	(72,138)	0
Other adjustment	0	1,194,769
Transferred to current tax	3,260,164	0
<b>End of year</b>	<b>4,811,924</b>	<b>370,470</b>

**14 Non-current liabilities other than provisions**

	<b>Due after more than 12 months 2022/23 EUR</b>
Tax payable	4,520,605
	<b>4,520,605</b>

**15 Other payables**

	<b>2022/23</b>	<b>2021/22</b>
	<b>EUR</b>	<b>EUR</b>
VAT and duties	2,324,902	1,000,560
Wages and salaries, personal income taxes, social security costs, etc. payable	3,596,834	3,135,479
Holiday pay obligation	4,077,127	3,798,900
Other costs payable	3,701,098	6,788,774
	<b>13,699,961</b>	<b>14,723,713</b>

**16 Deferred income**

Deferred income comprise prepayments and accrued income related to service contracts.

### 17 Derivative financial instruments

Derivative financial instruments comprise per 30.09.2023 forward exchange contracts, which are continuously measured at fair value, with a negative value of EUR 328t. On the balance date, the nominal value of the security amounts to EUR 10,179t. No security has been provided for the contracts.

In order to secure future cash flows regarding transfer to the parent of known payments from customers in a subsidiary, wherefrom the payments will be transferred to the parent, the company has entered into forward exchange contracts (CHF/EUR) with its usual bank connection. The forward exchange contracts have a term of 1-16 months.

No derivative financial instruments were included in the 2021/22 annual accounts.

### 18 Unrecognised rental and lease commitments

	2022/23	2021/22
	EUR	EUR
Total liabilities under rental or lease agreements until maturity	<b>12,825,037</b>	<b>14,162,961</b>

### 19 Contingent liabilities

The company 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. The total tax liability is incorporated in the accounts for Michael Holm Holding ApS.

### 20 Assets charged and collateral

#### Collateral provided for group enterprises

The company has provided security for bank guarantees of EUR 5,000k that a subsidiary has given to a third party as in a continuing business relationship as well as bank exposure maximized to EUR 202k. The secured part of the subsidiary's bank exposure amounts to EUR 0k on 30.09.2023.

### 21 Related parties with controlling interest

Michael Holm, Lindevangsvej 17, 8240 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.

### 22 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.

## 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.

For the foreign subsidiaries, the items in the income statement have been included at the exchange rate on the transaction date. The balance sheet is converted at the rate of exchange at year end. The exchange rate adjustments arising from the translation of the subsidiaries' equity at the beginning of the financial year to the exchange rate at the end of the financial year, and the exchange rate difference arising from the Translation of the income statement from the exchange rate ruling on the transaction date to the exchange rate at end of the financial year, are dealt with in the equity for the Group.

## 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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

## Income statement

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

**Own work capitalised**

Own work capitalised comprises staff costs in the financial year and recognised in cost for intangible assets.

**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

**Other external expenses**

Other external expenses include expenses relating to the Entity's normal 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 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 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.

**Income from investments in associates**

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

**Other financial income**

These items comprise interest income realised and unrealised capital gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme.

**Other financial expenses**

These items comprise interest expenses, the interest portion of finance lease payments, realised and unrealised capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme.

**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.

The Parent is jointly taxed with all of its Danish group enterprises with Michael Holm Holding ApS as the tax principal. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress and acquired intellectual property rights.

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 under 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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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

### Property, plant and equipment

Machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5-20 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.

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 one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other 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 periods used are 5 years.

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

**Investments in associates**

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

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

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

**Investments in participating interests**

Investments in participating interests are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

**Receivables**

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

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.



**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.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**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.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**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 income taxes 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 equipment, including acquisition of assets held under finance leases.

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

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