
Configit A/S

Midtermolen 3, DK-2100 København Ø

Annual Report for 2024

CVR No. 25 33 15 32

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/6 2025

Jakob Schnack
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Configit A/S for the financial year 1 January - 31 December 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 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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

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

Copenhagen, 12 June 2025

Executive Board

Johan Carl Wilhelm Salenstedt
CEO

Board of Directors

Allan Jensen Vestergaard
Chairman

Allan Bach Pedersen

Torben Brandt Munch

Michael Moesgaard Andersen

Max Sejebæk

Independent Auditor's report

To the shareholder of Configit 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 31 December 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 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Configit A/S for the financial year 1 January - 31 December 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

Hellerup, 12 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen

State Authorised Public Accountant

mne18628

Jakob Thisted Binder

State Authorised Public Accountant

mne42816

Company information

The Company	Configit A/S Midtermolen 3 DK-2100 København Ø CVR No: 25 33 15 32 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Allan Jensen Vestergaard, chairman Allan Bach Pedersen Torben Brandt Munch Michael Moesgaard Andersen Max Sejbæk
Executive Board	Johan Carl Wilhelm Salenstedt
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	172,009	101,432	59,278	81,254	72,222
Profit/loss of primary operations	31,330	-25,342	-49,226	-37,208	-40,611
Profit/loss of financial income and expenses	-2,493	-10,432	254	-5,793	-10,825
Net profit/loss for the year	17,133	-35,911	-44,507	-38,640	-44,791
Balance sheet					
Balance sheet total	140,318	105,078	108,369	150,087	115,344
Investment in property, plant and equipment	273	451	3,651	577	695
Equity	34,350	23,934	-10,037	38,485	11,398
Ratios					
Return on assets	22.3%	-24.1%	-45.4%	-24.8%	-35.2%
Solvency ratio	24.5%	22.8%	-9.3%	25.6%	9.9%
Return on equity	58.8%	-516.8%	-312.9%	-154.9%	-126.9%

Management's review

The Group - Introduction

For Configit, 2024 was a year with record recurring revenue growth and strong license sales.

Configit started the Configuration Life-cycle Management (CLM) journey many years ago. As the category definer, Configit is now reaping the reward when CLM is growing.

As the world leading companies invest more and more in CLM, Configit's early development of the digital and AI transformational possibilities of CLM now gives our customers unprecedented competitive advantages.

Many market analysts now recognize the fact that CPQ (Configure, Price, Quote) is, generally, not sufficient to support the complexity of advanced product configuration but requires a more holistic approach as CLM provides end-to-end shared source of the truth across the IT landscape of today.

As CLM becomes more of a mainstream approach in the next years to come, Configit is well positioned to lead the market, accelerate our growth and support our customer transformation into the exciting new digital world.

During 2024, we also saw several of our existing customers choose to take their existing mission critical on-premises deployed solution and migrate them to our comprehensive Cloud solution. This is evidence of our ability to not only deliver the best CLM solution on the market, but it also evidences Configit's positioning as a fully-fledged SaaS (software-as-a-service) company.

The strategy to deliver our technology through the Cloud, resulted in continuing strong growth in recurring revenues. The strong momentum was also reflected in a top-line growth of more than 25% and a positive full year EBITDA margin, whereby the company approaches the metrics of the so-called rule of 40.

Our annual recurring revenue from subscriptions and SaaS licenses grew with a factor higher than four times over the last four years, with compounded annual growth of close to 30%. We expect the growth rate to continue to be high over the coming years fueled by more customers adopting CLM in the Cloud, both new customers and existing customers.

Configit has also successfully retained ISO 27001 certification and obtained ISO 27017 certification. With the new ISO 27017 certification, Configit provides assurance to customers that the information processed in the cloud is secure. The audit and certification processes were performed by Intertek Certification Ltd. and conform with international standards.

During 2024, we strengthened our sales leadership team, not least by attracting a new and experienced CCO who has experience in running a global sales team and growing the North America market. Furthermore, we invested in more sales and delivery capacity in our North America Team, as we see this market segment growing at a particularly high rate. In addition, the increase in inbound requests, both from existing and new customers, gives us confidence in expanding our overall North America team.

Furthermore, CLM is becoming an area of interest for other world leading tech companies in other geographies within both the ERP and PLM space. As an example, Configit entered a partnership with PTC (Parametric Technology – a market leader in the PLM space) to accelerate the take-up of the emerging demand-pull from certain segments. The ambition is to add key functionality to their offering to serve customers in a more holistic way. Many of Configit's customers have already invested in PTC technology, and with this partnership we can work seamlessly together to deliver mission-critical solutions.

While digital transformation and CLM is high on the agenda for most of the manufacturing companies today, many of them are challenged with the legacy of configuration data being kept in many different systems and formats, such as excel sheets, brochures, PDFs etc. Coming from an analogue world means that the time for comprehensive digital transformation becomes long, cumbersome and sometimes close to impossible.

As an answer to this challenge for our customers, during 2024, Configit initiated an AI led project. By combining cognitive AI technology with our patented and proven VT technology we see an opportunity to decrease the time of implementation radically. The product developed is labelled "Ace Co-Pilot" and will be an exciting added plus for our customers.

Management's review

A further sign of the important role that Configit plays in our customers' digital transformation is the high net revenue retention rate (NRR). During 2024, Configit had +110% NRR, which is strong evidence of the loyalty and strong relationships Configit builds with our customers. This conforms well with the category-defining role which Configit achieved within the CLM space during recent years.

As CLM continues to grow in the future, we are positive about the future of Configit. The manufacturing industry is investing hugely to support the digital transformation, and Configit is well positioned to play a key role in making that transformation successful.

Key activities

The Group and parent company

The main activities of the Configit Group continue to be the development and sale of business software for configuration of products and services.

During 2024, the Group increased its research and development efforts in software that enables the implementation of true CLM solutions where the core of the software comprises the Virtual Tabulation® Technology patented by Configit. The Group further improved the so-called "Ace" product in the Cloud (SaaS) offering which will strengthen Configit's market position going forward.

Development in the year

The Group

The loss before tax for 2024 shows a result of DKK 28.8 million / EUR 3.9 million and a positive EBITDA of DKK 55.4 million/ EUR 7.4 million. The Group balance sheet as of 31 December 2024 shows an equity of DKK 34.4 million/ EUR 4.6 million, and an aggregate asset of DKK 140.3 million / EUR 18.8 million. (The exchange rate used for DKK versus EUR is based on the official exchange rate from the Danish National Bank as published on 31st of December 2024.)

Parent company

The parent company's loss before tax for 2024 shows a result of DKK 28.8 million / EUR 3.7 million and a positive EBITDA of DKK 71.8 million/ EUR 9.6 million. The parent balance sheet as of 31 December 2024 shows an equity of DKK 34.4 million / EUR 4.6 million and an aggregate balance sum of DKK 122.6 million / EUR 16.4 million. (The exchange rate used for DKK versus EUR is based on the official exchange rate from the Danish National Bank as published on 31st of December 2024.)

The result for 2024 of DKK 17.1 million / EUR 2.3 million is better than expected when the outlook for 2024 was set in the 2023 annual report. The Gross Profit for 2024 was impacted by a non-recurring one-off income relating to costs incurred in previous years. We consider the result satisfactory and further refer to note 20 in the Financial Statements.

Outlook

The Group

The Group expects the CLM market to expand and grow, both in terms of market recognition and sales opportunities. Configit Group will continue to prioritize maintaining its leadership within the CLM space and further advance Configit's position as the preferred supplier of complex configuration solutions to the world's most demanding configuration challenges.

Configit continues to balance costs with the current revenue levels and the performance outlook and expects a positive EBITDA result for 2025. The result in 2025 is expected to be between DKK 8 million to DKK 15 million.

Parent company:

Management expects a positive trend in the activity growth in 2025, in the parent company as well as in its international subsidiaries.

Management's review

Operating risks

The Group and parent company

The growth of Configit's business is based on several success criteria. Management believes that the Group performs well in respect to these criteria. However, certain factors can impact the success of the Group and therefore represent a potential risk. Configit's management and board of directors consider the potential effects of the war in Ukraine and other international conflicts to be the most important.

The customers of Configit operate within the complex manufacturing space and in many different regions and countries across the globe. Therefore, there is a potential risk to our business in the situation where the war in Ukraine continues and other international conflicts escalate. The risk consists mainly of three different scenarios:

- 1) A slowdown in demand whereby the revenue for our customers decreases.
- 2) Continued challenges with high energy prices in Europe.
- 3) Influence of tariffs and its effect on inflation and consumer demand.

The solution that Configit delivers is mission critical and will normally be prioritized, even during challenging periods, which has been proven during the last few years. While these conflicts have an effect on the business for Configit, it is hard to estimate the specific details of such an impact.

Market risks

- 1) The risk that the market for CLM and CPQ software is impacted by general market conditions, limiting the opportunities of growth for the Group.
- 2) The risk of competitors anticipating trends in the markets earlier than Configit, affecting a more structured expansion of their international distribution networks.

Through detailed market research and cooperation with analysts, Configit aims to be at the forefront of the development in the market in which Configit operates.

Corporate culture and know-how

- 1) The risk of failure to continue to attract, retain, and develop the best employees and failure to identify and incentivize the best management talent.
- 2) The risk of failure in connection with acquisitions and expansion of new business areas, to integrate new employees into the organization and to maintain, protect, and continue Configit's strong corporate values as a fundamental element of business development.

Configit works to constantly be an attractive place to work with a clear value set and strategic direction.

Products

- 1) The risk that competitors' product innovation is better able to meet market requirements.
- 2) The risk of inadequate quality control and testing of the Group's products prior to the release of new software versions.

Through a clear product direction that is aligned with the market through customer forums and input from market analysts as well as an in-depth QA strategy for product development, Configit maintains a roadmap and product quality which is attractive to existing and potential customers alike.

Contract risks

The risk that the Group's customer contracts, or other agreements, impose abnormal obligations on Configit. This is the risk of failure to draft customer contracts and other agreements in a balanced way, taking into account local business practices, customers' legitimate requirements, as well as protection of the Group's material business interests.

Management's review

IT environment

The risk of breakdown or temporary interruption of IT systems not adequately backed up by technical infrastructure that restores critical business IT services immediately.

Financial risk

The risk comprises currency risk, liquidity risk, and credit risk. The Group manages financial risk by ensuring sufficient procedures and controls are in place to ensure that potential losses from these risks are identified as early as possible.

Management continuously monitors the development of the identified risk factors and reports on these to the Board of Directors. This enables the Board of Directors to support the Management in their tasks and make the required decisions to handle the identified risks.

Research and development

The Group

The Group has capitalized DKK 29.2 million relating to the Group's research and development activities within the Company's normal product range. This corresponds to c. 17.2% of the Groups' gross profit. These activities are depreciated from the time of completion in a period corresponding to the expected time in which the activities will contribute positively to the Group's growth and earnings.

As the Group continues to invest in improvements to the Group's product portfolio, the depreciation period is estimated to be 5 years on average.

The value of the capitalized research and development activities is evaluated continuously. It is the Management's view that the value that is stated in the Annual report for 2024 is fair.

The Group expects these activities to contribute to the Group's continued growth and earnings.

Management's review

Intellectual capital resources

The Group and parent company

The most significant knowledge resources are primarily the employees of the Group. The employees are generally highly educated specialists within software development, project management, and IT implementation, specifically focusing on configuration. The employees will continue to contribute significantly to the Group's results in the coming years.

Statement of corporate social responsibility

Our Business

At Configit, our core mission is to empower our customers with cutting-edge SaaS solutions that drive efficiency and innovation throughout their production processes.

As manufacturing landscapes evolve, we recognize the increasing importance of configurable products and demand for customization options across various industries, from automobiles to industrial machinery.

Our flagship technology product Configit Ace - Configuration Lifecycle Management (CLM) - stands at the forefront of this trend, offering not only enhanced operational efficiency but also a pathway towards sustainable manufacturing practices.

Through the concept of "green configuration" we empower our clients to enable their customers to make informed choices that prioritize environmental sustainability. By visualizing the ecological impact of configuration decisions, our technology aids businesses in aligning with their sustainability objectives, paving the way for a greener future.

Over the past year, we have redoubled our efforts to raise awareness of green configuration through a multifaceted approach, including insightful articles and blogs. Our dedication to promoting sustainable transformation in manufacturing underscores our belief in the pivotal role that technology plays in fostering responsible production practices.

Transparency lies at the heart of what we do, as we strive to connect the benefits of our products to the environmental benefits and how they catalyze businesses on their journey towards sustainability.

Collaborating closely with a diverse network of partners, Configit extends its reach across the globe, with headquarters in Denmark and subsidiaries in key regions such as the United Kingdom, Germany, and the United States.

As we embark on the next phase of our sustainability journey, Configit remains focused on our commitment to driving positive changes within the manufacturing landscape.

In Configit, we also take responsibility for the way we operate our own business through focus on:

Management's review

Our Responsibility

As the leader in Configuration Lifecycle Management, Configit is committed to providing global manufacturers transformative, business-critical solutions for the configuration of complex products in a sustainable, responsible way.

Our commitment is based on a fundamental respect for internationally recognized principles for sustainable development, human rights (including labor rights), the environment (including climate change), and economic sustainability (including anti-corruption).

We believe that Configit is among the first companies in our industry to implement the internationally agreed standard for responsible business conduct: The UN Guiding Principles for Business and Human Rights (UNGPs), covering social sustainability, and the OECD Guidelines for Multinational Enterprises (OECD), covering environmental and economic sustainability. UNGPs/OECD is referred to as the 'Standard'.

As part of our sustainability due diligence, we conduct annual impact assessments covering all our operations to identify our risks against the key elements of social, environmental, and economic sustainability, to outline our actions to prevent or mitigate identified risks, and to develop indicators to track the effectiveness of our actions.

Our responsibility for sustainable development is embedded in our "Commitment" that fulfills the requirements from the Standard and the expectations of the Annual Accounts Act for a policy on human rights, that, per definition, covers labor rights and 'social issues', a policy for the environment, also covering climate change, and a policy for economic sustainability, including anti-corruption.

Similarly, our Commitment and sustainability due diligence processes cover "data ethics" defined as risks of adverse impacts on basic rights stemming from handling and processing data.

In addition to implementing the Standard of responsible business conduct, Configit expects the same from our business relationships. As we, per definition, are responsible for the adverse impacts of our business relationships, the most effective way to seek to prevent or mitigate such impacts will be that our business relationships also meet the Standard, and that they raise a similar demand to their business relationships.

For this purpose, we have adopted and published our Code of Conduct for Business Relationships.

We experience that some customers raise demands on responsible business conduct to us that differ from the requirements of the Standard. We appreciate that such customers are concerned with corporate sustainability and that implementation of the Standard is yet to be adopted by many companies and most supply chain initiatives.

Hence, to reduce the burdens of having to respond to the numerous varying requirements that are not aligned with the Standard, we decided to develop a 'package' of information to answer such requests from business relationships in 2025.

Management's review

Social Sustainability - Respect for Human Rights

Configit's Corporate Commitment to sustainability is aligned with the UNGPs. As part of our efforts to demonstrate human rights due diligence, we prepared an update of our human rights impact assessment covering our Headquarters in Copenhagen and our Danish activities.

In our impact assessment, we identified 21 risks of impacts on 14 of the 48 human rights in the International Bill of Human Rights.

Not surprisingly, our risks of severe impact were identified in relation to three human rights: right to privacy, intellectual property rights, and freedom of information.

We continuously work to prevent or mitigate our impact in these essential areas. In addition, we are preventing or mitigating our risks in the other identified areas to ensure that such risks do not evolve into severe impacts.

We welcome employees who may be at risk of experiencing impacts, or business relationships, that would have an interest in looking into our actions and how we measure the effectiveness of our actions, to contact us.

In addition, we found that our products hold the capacity to contribute considerably to the human right of 'freedom of information'. In 2025, we continue to better explore and describe how our products contribute to the fulfilment of freedom of information.

We will approach this task by considering our contribution to three of the four key elements defining human rights, namely: Availability, Accessibility and Quality.

Social and Staff Matters

Configit's employees are the backbone of the company, and their well-being, health, and safety in the workplace are crucial to our success as a business. These areas are covered by our human rights impact assessments and thus covered by our Commitment and annual sustainability due diligence process.

Dignity and respect are core concepts in Configit. The Global Staff Manual is an essential part of the employment contract. It includes all our policies, which are reviewed annually as a minimum. The Staff Manual also includes our values and is available on our intranet. In 2024 we updated the Staff Manual based on the results of our latest impact assessment and changed the name to our Staff Manual and Code of Conduct for Employees (CoCE).

New employees are introduced to our Commitment, and to the Global Staff Manual and CoCE during onboarding training. This is also checked as part of our external ISO Audit. Our objective is to achieve 100% compliance with company policies and procedures among our employees. This compliance is reported to the Board of Directors and verified during external ISO audits.

Furthermore, Configit conducts an engagement survey annually for employees to maintain and further develop a dignified working environment.

We are committed to respecting human rights. This implies that we ensure equal opportunities for promotion for our employees at all levels of our business. We are aware that women are underrepresented on the Board of Directors and in the Management team.

Our focus has resulted in the representation of women in the Management team having grown since 2019. Thus, Configit currently has two women and five men in the Management team. To mitigate underrepresentation, we strive to find suitable female candidates when recruiting for open positions in Configit. While qualification is the highest priority, we ensure that candidates of all genders are equally considered during the hiring process through dialogue between management, HR, and the hiring manager.

Management's review

Environmental Sustainability – including the Climate

Configit's commitment to responsible business conduct encompasses due diligence for environmental impacts, including impacts on the climate. Our commitment to implementing the OECD Guidelines means that we continuously identify where we are at risk of impacting the environment.

We found that we are not at risk of causing or contributing to material (significant) impacts, but, as all businesses should, we have a focus on reducing CO2 emissions.

We are also proud that our products have the potential to contribute to reducing CO2 emissions for our customers, e.g., by enabling more efficient communication between sales and production and by eliminating manufacturing errors resulting from faulty configurations.

Economic Sustainability – including Anti-corruption

Responsible business conduct entails that Configit commits to due diligence in relation to economic sustainability, hereunder "anti-corruption".

We implement the OECD Guidelines in all areas of our business. In our first impact assessments, and our draft re-assessment, we covered our activities in Denmark and identified few risks related to economic sustainability, hereunder "corruption and bribery."

Like other businesses, we prevent and mitigate risks in relation to, e.g., cronyism and nepotism, as well as risks associated with disproportionately large gifts.

During 2020 we implemented appropriate procedures in this area, and we have not met any challenges in this area during our annual impacts assessments.

Results of Key Performance Indicators for 2024:

1. Conduct impact re-assessments for Denmark for 2023 and 2024 covering our global operations: Achieved
2. Prepare brief to the Management team on 'freedom of information' as strategic opportunity: Not achieved. Configit had discussions on the subject in 2024 but is still working on the business case. The KPI will be maintained for 2025.
3. Prepare a plan for communication and involvement of internal stakeholders: Not achieved. The plan for communication to and involvement of the internal stakeholders of the sustainability due diligence process will be maintained for 2025.
4. Start preparing for reporting against the EU Corporate Sustainability Reporting Directive: Not achieved. Configit appreciates that the EU Omnibus is expected to postpone the requirement of Configit to meet the requirements of Corporate Sustainability Reporting Directive, and to reduce the number European Sustainability Reporting Standards dramatically. The KPI is changed accordingly.

Key Performance indicators for 2025

1. Conduct impact re-assessments for Denmark for 2025 covering our global operations.
2. Prepare brief to the Management team on 'freedom of information' as strategic opportunity.
3. Prepare a plan for communication and involvement of internal stakeholders.
4. Keep abreast of reporting requirements and amendments to the EU Corporate Sustainability Reporting Directive.
5. Prepare a 'package' to business relationships to demonstrate our sustainability work in alignment with the Standard.

Management's review

Company information

The primary owners are Polaris Private Equity, who have the majority vote, and who are represented at the Board of Directors.

The Board of Directors held 5 ordinary board meetings during the financial year. These have been held both virtually through video conference and in person. Furthermore, a number of meetings have been held during the year covering specific topics including strategy updates, various oversights of projects, and general business updates.

The Group Management makes monthly financial reports and follows up on recorded differences to the forecast and budget on a regular basis. Periodic cashflow forecasts are made based on current expectations for receipts and payments to manage and follow up on liquidity. This work is reviewed by the Board of Directors.

The Board of Directors has not established any separate formal committees (e.g., remuneration committee or audit committee) due to the size of the company. The Board of Directors regularly assesses whether such committees are required in order to ensure an adequate focus on e.g. risk management.

Ownership

Configit Holding A/S is owned approx. 57% by Polaris Private Equity. The following companies own more than 5% of the share capital:

-Andersen Advisory Group A/S, CVR-no. 15 27 37 71

-Damgaard Company A/S, CVR- no. 25 53 83 15

-HRA ApS, CVR- no. 33 39 05 64

Polaris Private Equity is a member of Active Owners Denmark (formerly called the Danish Venture Capital and Private Equity Association (DVCA)) and therefore Configit adheres to the guidelines and recommendations published by Active Owners Denmark and comments if any recommendations are not followed. For further information please refer to www.aktiveejere.dk.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Gross profit		172,009,105	101,432,101	140,858,901	80,358,400
Staff expenses	1	-116,563,945	-106,510,096	-69,089,399	-62,312,295
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-24,115,326	-20,263,799	-25,206,730	-21,817,889
Profit/loss before financial income and expenses		31,329,834	-25,341,794	46,562,772	-3,771,784
Income from investments in subsidiaries		0	0	-22,509,993	-40,842,486
Financial income	3	4,168	448,455	7,143,732	18,279,347
Financial expenses	4	-2,497,511	-10,880,080	-2,362,216	-9,440,078
Profit/loss before tax		28,836,491	-35,773,419	28,834,295	-35,775,001
Tax on profit/loss for the year	5	-11,703,670	-137,930	-11,701,474	-136,348
Net profit/loss for the year	6	17,132,821	-35,911,349	17,132,821	-35,911,349

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Completed development projects		63,806,301	57,394,374	65,633,026	59,958,609
Acquired other similar rights		0	0	0	0
Intangible assets	7	63,806,301	57,394,374	65,633,026	59,958,609
Other fixtures and fittings, tools and equipment		1,186,106	1,906,277	970,437	1,649,952
Leasehold improvements		568,978	865,066	571,652	807,769
Property, plant and equipment	8	1,755,084	2,771,343	1,542,089	2,457,721
Investments in subsidiaries	9	0	0	378,210	0
Other receivables	10	1,659,009	1,846,315	1,397,950	1,397,092
Fixed asset investments		1,659,009	1,846,315	1,776,160	1,397,092
Fixed assets		67,220,394	62,012,032	68,951,275	63,813,422
Trade receivables		47,144,010	26,201,363	27,962,401	15,652,909
Receivables from group enterprises		3,776,315	0	11,685,733	0
Prepayments	11	2,361,674	3,373,345	2,234,587	3,373,345
Receivables		53,281,999	29,574,708	41,882,721	19,026,254
Cash at bank and in hand		19,815,911	13,491,574	11,730,902	1,766,658
Current assets		73,097,910	43,066,282	53,613,623	20,792,912
Assets		140,318,304	105,078,314	122,564,898	84,606,334

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		DKK	DKK	DKK	DKK
Share capital	12	1,000,000	41,807,783	1,000,000	41,807,783
Reserve for development costs		0	0	51,193,760	46,659,606
Retained earnings		33,350,145	-17,873,957	-17,843,615	-64,533,563
Proposed dividend for the year		0	0	0	0
Equity		34,350,145	23,933,826	34,350,145	23,933,826
Provision for deferred tax	13	6,687,787	0	6,687,787	0
Provisions relating to investments in group enterprises		0	0	0	211,503
Provisions		6,687,787	0	6,687,787	211,503
Other payables		6,557,966	6,371,180	6,557,966	6,371,180
Long-term debt	14	6,557,966	6,371,180	6,557,966	6,371,180
Credit institutions		15,000,000	16,686,764	15,000,000	16,677,758
Trade payables		15,734,784	12,454,425	13,263,981	11,865,045
Payables to group enterprises		4,796,814	5,561,726	10,197,291	7,991,980
Payables to group enterprises relating to corporation tax		5,002,128	0	5,002,128	0
Other payables	14	10,826,297	13,627,668	8,372,669	8,237,023
Deferred income	15	41,362,383	26,442,725	23,132,931	9,318,019
Short-term debt		92,722,406	74,773,308	74,969,000	54,089,825
Debt		99,280,372	81,144,488	81,526,966	60,461,005
Liabilities and equity		140,318,304	105,078,314	122,564,898	84,606,334
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Special Items	20				
Subsequent events	21				
Accounting Policies	22				

Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	41,807,783	-17,873,957	0	23,933,826
Exchange adjustments	0	-716,502	0	-716,502
Cash capital reduction	-40,807,783	40,807,783	0	0
Extraordinary dividend paid	0	0	-6,000,000	-6,000,000
Net profit/loss for the year	0	11,132,821	6,000,000	17,132,821
Equity at 31 December	1,000,000	33,350,145	0	34,350,145

Parent company

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	41,807,783	46,659,606	-64,533,563	0	23,933,826
Exchange adjustments	0	0	-716,502	0	-716,502
Cash capital reduction	-40,807,783	0	40,807,783	0	0
Extraordinary dividend paid	0	0	0	-6,000,000	-6,000,000
Development costs for the year	0	4,534,154	-4,534,154	0	0
Net profit/loss for the year	0	0	11,132,821	6,000,000	17,132,821
Equity at 31 December	1,000,000	51,193,760	-17,843,615	0	34,350,145

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		DKK	DKK
Result of the year		17,132,821	-35,911,349
Adjustments	16	37,595,837	55,715,405
Change in working capital	17	-8,308,645	-141,978
Cash flow from operations before financial items		46,420,013	19,662,078
Financial income		4,168	448,455
Financial expenses		-2,497,511	-10,880,080
Cash flows from ordinary activities		43,926,670	9,230,453
Corporation tax paid		-13,755	5,498,418
Cash flows from operating activities		43,912,915	14,728,871
Purchase of intangible assets		-29,238,471	-21,114,890
Purchase of property, plant and equipment		-272,523	-344,613
Sale of fixed asset investments made etc		187,306	0
Cash flows from investing activities		-29,323,688	-21,459,503
Repayment of loans from credit institutions		-1,686,764	0
Repayment of payables to group enterprises		-764,912	-41,202,511
Raising of loans from credit institutions		0	4,337,423
Raising of other long-term debt		186,786	7,678
Cash capital increase		0	45,000,000
Dividend paid		-6,000,000	0
Cash flows from financing activities		-8,264,890	8,142,590
Change in cash and cash equivalents		6,324,337	1,411,958
Cash and cash equivalents at 1 January		13,491,574	12,079,616
Cash and cash equivalents at 31 December		19,815,911	13,491,574
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		19,815,911	13,491,574
Cash and cash equivalents at 31 December		19,815,911	13,491,574

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
1. Staff expenses				
Wages and salaries	111,807,581	102,844,640	68,432,556	61,779,038
Pensions	1,073,559	772,222	198,000	0
Other social security expenses	3,682,805	2,893,234	458,843	533,257
	116,563,945	106,510,096	69,089,399	62,312,295

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	120	118	74	68
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	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	22,826,544	19,154,334	24,018,567	20,728,005
Depreciation of property, plant and equipment	1,288,782	1,109,465	1,188,163	1,089,884
	24,115,326	20,263,799	25,206,730	21,817,889

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
3. Financial income				
Interest received from group enterprises	0	0	7,139,564	18,249,725
Other financial income	4,168	63,590	4,168	29,622
Exchange gains	0	384,865	0	0
	4,168	448,455	7,143,732	18,279,347

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
4. Financial expenses				
Interest paid to group enterprises	434,677	3,416,533	747,790	3,754,487
Other financial expenses	397,518	850,688	417,599	1,218,986
Exchange loss	1,665,316	6,612,859	1,196,827	4,466,605
	2,497,511	10,880,080	2,362,216	9,440,078

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
5. Income tax expense				
Current tax for the year	5,015,883	1,582	5,013,687	0
Deferred tax for the year	6,687,787	0	6,687,787	0
Adjustment of deferred tax concerning previous years	0	136,348	0	136,348
	11,703,670	137,930	11,701,474	136,348

	Parent company	
	2024	2023
	DKK	DKK
6. Profit allocation		
Extraordinary dividend paid for the year	6,000,000	0
Transfer for the year to other reserves	0	-4,882,051
Retained earnings	11,132,821	-31,029,298
	17,132,821	-35,911,349

Notes to the Financial Statements

7. Intangible fixed assets

	Group		Parent company	
	Completed development projects	Acquired other similar rights	Completed development projects	Acquired other similar rights
	DKK	DKK	DKK	DKK
Cost at 1 January	230,873,005	310,385	275,132,142	2,658,579
Additions for the year	29,238,471	0	29,692,984	0
Cost at 31 December	260,111,476	310,385	304,825,126	2,658,579
Impairment losses and amortisation at 1 January	173,478,631	310,385	215,173,533	2,658,579
Amortisation for the year	22,826,544	0	24,018,567	0
Impairment losses and amortisation at 31 December	196,305,175	310,385	239,192,100	2,658,579
Carrying amount at 31 December	63,806,301	0	65,633,026	0

The Group's development projects comprise development of new functionality in the Group's product portfolio (Ace, Model, Build and Quote) as well as development of cloudbased solutions/products. The projects are progressing as planned, and the cost are capitalized on an ongoing basis. The individual projects are amortised over the shorter of the sellable life of product or 5 years. The amortisation begins at completion. Market research and customer interest show an increased interest for the key competences of the Group – development and research in software that enables implementation of CLM (Configuration Lifecycle Management) the core of which is the patented technology of the parent company Configit A/S.

Notes to the Financial Statements

8. 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
	DKK	DKK	DKK	DKK
Cost at 1 January	10,592,976	1,942,699	8,613,560	1,227,223
Additions for the year	272,531	0	272,531	0
Cost at 31 December	10,865,507	1,942,699	8,886,091	1,227,223
Impairment losses and depreciation at 1 January	8,686,699	1,077,633	6,963,608	419,454
Depreciation for the year	992,702	296,088	952,046	236,117
Impairment losses and depreciation at 31 December	9,679,401	1,373,721	7,915,654	655,571
Carrying amount at 31 December	1,186,106	568,978	970,437	571,652

Notes to the Financial Statements

9. Investments in subsidiaries

	Parent company	
	2024	2023
	DKK	DKK
Cost at 1 January	1,008,555	1,008,555
Additions for the year	130,242,948	0
Cost at 31 December	131,251,503	1,008,555
Value adjustments at 1 January	-176,547,681	-136,798,856
Net profit/loss for the year	-22,509,994	-40,842,485
Other equity movements, net	-690,615	-1,565,630
Change in intercompany profit	1,192,023	2,659,290
Value adjustments at 31 December	-198,556,267	-176,547,681
Equity investments with negative net asset value amortised over receivables	67,682,974	175,539,126
Carrying amount at 31 December	378,210	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Configit GmbH	DE	100%
Configit Ltd.	UK	100%
Configit Inc.	USA	100%

Notes to the Financial Statements

10. Other fixed asset investments

	Group	Parent company
	Other receivables	Other receivables
	DKK	DKK
Cost at 1 January	1,846,315	1,397,092
Additions for the year	0	858
Disposals for the year	-187,306	0
Cost at 31 December	1,659,009	1,397,950
Carrying amount at 31 December	1,659,009	1,397,950

11. Prepayments

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

12. Share capital

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

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 January	0	-5,636,348	0	-5,636,348
Amounts recognised in the income statement for the year	6,687,787	5,636,348	6,687,787	5,636,348
Deferred tax liabilities at 31 December	6,687,787	0	6,687,787	0
Intangible assets	14,439,266	13,190,894	14,439,266	13,190,894
Property, plant and equipment	-298,334	-269,101	-298,334	-269,101
Prepayments	491,609	742,136	491,609	742,136
Deferred income	-3,312,846	512,016	-3,312,846	512,016
Other adjustments	0	-650,861	0	-650,861
Tax loss carry-forward	-4,631,908	-13,525,084	-4,631,908	-13,525,084
	6,687,787	0	6,687,787	0

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
DKK	DKK	DKK	DKK

14. 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:

Other payables

After 5 years	6,557,966	6,371,180	6,557,966	6,371,180
Long-term part	6,557,966	6,371,180	6,557,966	6,371,180
Other short-term payables	10,826,297	13,627,668	8,372,669	8,237,023
	17,384,263	19,998,848	14,930,635	14,608,203

15. Deferred income

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

Group	
2024	2023
DKK	DKK

16. Cash flow statement - Adjustments

Financial income	-4,168	-448,455
Financial expenses	2,497,511	10,880,080
Depreciation, amortisation and impairment losses, including losses and gains on sales	24,115,326	20,263,799
Tax on profit/loss for the year	11,703,670	137,930
Exchange adjustments	-716,502	0
Other adjustments	0	24,882,051
	37,595,837	55,715,405

Other adjustments include a debt conversion of DKK 20,000,000 and exchange adjustments of DKK 4,882,051.

Notes to the Financial Statements

	Group	
	2024	2023
	DKK	DKK
17. Cash flow statement - Change in working capital		
Change in receivables	-23,707,291	493,167
Change in trade payables, etc	15,398,646	-635,145
	-8,308,645	-141,978

	Group		Parent company	
	2024	2023	2024	2023
	DKK	DKK	DKK	DKK
18. Contingent assets, liabilities and other financial obligations				

Rental and lease obligations

There has entered into operating lease of premises (TDKK).

9,933	11,315	7,588	10,575
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Charges and security

The following assets have been placed as security with mortgage credit institutes:

Company pledge, nominal tDKK 20,000, in the company's intangible assets, other fixtures and debtors has been deposited as collateral with a credit institution.

Guarantee obligations

In accordance with Section 479A of the Companies Act 2006, the subsidiary company Configit Limited (UK company number 07883893) is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of guarantee provided by Configit A/S.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Configit Holding A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

19. Related parties and disclosure of consolidated financial statements

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)(6) of the Danish Financial Statements Act.

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
Configit Holding A/S	Copenhagen

20. Special items

The Gross Profit for 2024 is significantly impacted by an non-recurring one-off income relating to costs incurred in previous years.

21. Subsequent events

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

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Configit A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in DKK.

A reclassification have been made in the comparison figures in the income statement between staff expenses and operating expenses to comply with current years presentation in both the group- and parent financial statements. The reclassifications have no impact on equity.

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, Configit 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.

Leases

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

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

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

Notes to the Financial Statements

Translation policies

Danish kroner 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.

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.

Income statement

Revenue

As income recognition criterion for sale of services, the production criterion is applied. Revenue comprises the invoiced revenue for the year reduced by prepayments and with addition for work in progress measured at market value.

As income recognition criterion for license sales, the sales method is applied. Revenue is recognised in the income statement when delivery is made and risk has been transferred to the buyer before the end of the financial year.

As income recognition criterion for sale of support and maintenance, the sales method is applied. Revenue is recognised over the contract period regarding support and maintenance and therefore deferred revenue is recognised within the balance sheet.

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

Work on own account recognised in assets

Work performed for own account and capitalized comprises staff costs incurred during the year that are directly attributable to the Company's development projects. These costs are recognized as assets in the balance sheet, in accordance with the relevant accounting standards, as they contribute to the creation of future economic benefits.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Notes to the Financial Statements

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables, other external expenses and other operating income and expenses

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

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

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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Configit Holding A/S. The tax effect of the joint taxation with the subsidiaries is allocated to 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 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

Other intangible fixed assets are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

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.

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	5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

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

Investments in subsidiaries

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

Notes to the Financial Statements

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

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.

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 equity item.

Reserve for development costs

The reserve for development costs consists of capitalized development costs. This reserve cannot be used for dividends, distributions, or to cover losses. If the recognized development costs are sold or otherwise removed from the Company’s operations, the reserve will be dissolved and transferred directly under retained earnings. If the recognized development costs are written down, the part of the reserve corresponding to the write-down will be reversed. Conversely, if a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced on an ongoing basis by the amortization of capitalized development costs.

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.

Notes to the Financial Statements

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

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

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

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

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.

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.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

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