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P-Cepheo A/S

Paulas Passage 1
1799 København V
CVR No. 43115197

Annual report 2024

The Annual General Meeting adopted the annual report on 03.07.2025

Allan Bach Pedersen
Chairman of the General Meeting

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Entity details

Entity

P-Cepheo A/S
Paulas Passage 1
1799 København V

Business Registration No.: 43115197
Registered office: København
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Jan Johan Kühl, Chairman
Allan Bach Pedersen
Henrik Bonnerup

Executive Board

Henrik Bonnerup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of P-Cepheo A/S for the financial year 01.01.2024 - 31.12.2024.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024.

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

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

Copenhagen, 03.07.2025

Executive Board

Henrik Bonnerup

Board of Directors

Jan Johan Kühl
Chairman

Allan Bach Pedersen

Henrik Bonnerup

Independent auditor's report

To the shareholders of P-Cepheo A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of P-Cepheo A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 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.

- 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 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.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 03.07.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Brian Schmit Jensen
State Authorised Public Accountant
Identification No (MNE) mne40050

Marcus Rathje
State Authorised Public Accountant
Identification No (MNE) mne51483

Management commentary

Financial highlights

	2024 DKK'000	2023 DKK'000	2022 DKK'000
Key figures			
Revenue	519,442	372,586	0
Gross profit/loss	271,763	236,250	(69)
Operating profit/loss	(71,948)	(32,729)	(69)
Net financials	(5,828)	(2,141)	(6)
Profit/loss for the year	(57,316)	(33,316)	(75)
Profit for the year excl. minority interests	(35,743)	(15,159)	(72)
Balance sheet total	195,160	163,377	1,011
Investments in property, plant and equipment	193	1,243	0
Equity	10,286	(30,369)	981
Equity excl. minority interests	24,448	(13,671)	937
Cash flows from operating activities	(82,676)	(39,906)	3
Cash flows from investing activities	(193)	21,403	0
Cash flows from financing activities	87,566	44,967	1,009
Average number of employees	385	387	0
Ratios			
Equity ratio (%)	12.53	(8.37)	92.68

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

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

Cepheo empowers businesses to adapt and succeed in a world of change through the passion of people and the power of Microsoft technology.

We help customers transform by bringing business and technical expertise to the table and help our customers use technology and data to make more informed decisions, optimize daily operations and bring out the very best in their people.

We support the full lifecycle of our customers' cloud and on-premise platforms, from scoping and validation, through development and deployment, to managed services including upgrade, release and deployment services.

Cepheo has a dedicated focus on the Microsoft platform, including Dynamics 365, Power Platform and Azure with related services.

Development in activities and finances

The Cepheo Group was established on 1st April 2023 as a carve-out of the activities from a large global company.

At the end of the financial year, Cepheo Group had 457 employees and contractors spread across Denmark (200), Norway (112), Sweden (68) and Poland (77).

The acquisition of Axdata Denmark and Axdata Norway was completed in August 2023 and the companies were merged into Cepheo Denmark and Cepheo Norway subsequently and integration has continued in 2024.

Cepheo was awarded the Microsoft Partner of the Year award in Norway in 2024.

During this financial year, all companies in the Group have been moved to one common IT platform. The new IT platform has enabled Cepheo to optimize its business further both within each company and across the Group. All costs related to the investment in the new IT platform have been booked to the income statement this fiscal year.

The new finance system has provided better tools to manage our complex licenses subscription business. As described in more details under the Accounting Principles section, this has resulted in a correction of the booked licenses costs in 2024 related to past periods.

We have also made significant changes and investments in several business areas during the fiscal year, including moving a large part of the shared functions to a new Shared Service Center in Poland, moved 1st and 2nd line customer support to Poland, spin-off of the Infrastructure Managed Services business, and decentralized people from Group to the operating companies to have people closer to the customers. The changes have resulted in extraordinary restructuring costs, which have been booked to the income statement this financial year.

The revenue for the Group in the financial year is DKK 519,442k. The 2024 financial year is the first full 12 months period of operational activities. As the first financial year (2023) only had 9 months of operational activities, there are no comparable annual figures. However, the 9 months revenue growth compared to the same period last year is in line with expectations to deliver revenue growth in the range of 5-10%.

The net result is a loss of DKK 57,316k and is significantly below expectations. Main reasons are the establishment of the new IT platform and finance systems taking more effort and time than expected and the negative initial impact of the many change initiatives.

The net result after tax is positively impacted by the deferred tax asset, which management expects to utilize in the near future as results continue to improve. Management has identified key risks related to the deferred tax asset in the financial statement preparation and has prepared a sensitivity analysis to address the uncertainties. For further details, please refer to consolidated note 1.

Profit/loss for the year in relation to expected developments

This is the first full financial year for the Group. We refer to the section above "Development in activities and finances" for a description of the profit/loss for the year in relation to expected developments.

Outlook

Due to the significantly improved result and continued topline growth the last quarter of 2024 and the first 5 months of 2025 as a result of new large customer wins, the investments and changes executed make the Group anticipate to grow the revenue with approx. 7–10% for the upcoming year, driven by organic growth, and we expect a positive result in the range of 0 to 2 DKK million.

Use of financial instruments

Foreign currency risks

The Group is exposed to foreign currency risks primarily from EUR, USD, PLN, SEK and NOK due to purchase and sales transactions that are settled in currencies other than DKK. No hedging is done in respect of these currencies, as it is not considered optimal from a risk and cost point of view.

Interest rate risks

Reasonable changes in the interest rate level will have no material impact on the Group. Consequently, no agreements are made on hedging of interest rate exposure.

Research and development activities

The Group focuses on developing own software to support and enhance the Microsoft standard functionality within Dynamics 365 Platform. Costs related to development and maintenance of the Cepheo Software are booked to the income statement.

Group relations

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

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

Ownership

The Group is owned approx. 67.4% by Polaris Private Equity. The following companies own more than 5% of the share capital: JMAC Holding ApS and ERNA IT ApS.

Polaris Private Equity is a member of Active Owners Denmark (formerly called the Danish Venture Capital and Private Equity Association (DVCA)) and therefore Cepheo 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

Statutory report on corporate social responsibility

Code of conducts, ethics and anti-corruption

The Code of Conduct and anti-corruption policy is intended to reinforce the values of the Cepheo Group to remain tied to service, commitment, reliability and honesty. It links these values to exceptional standards of professional conduct that are expected of all leaders, employees, business partners and suppliers. The Business relationships- and Employee Code of Conduct and anti-corruption policy specifies our standpoint of human rights, workplace responsibilities, as well as ethics and anticorruption. We have not identified any significant risks related to anti-corruption or bribery.

New employees are introduced to both Code of Conduct and anti-corruption as part of the onboarding process. Existing employees are obligated to complete the training once a year.

Environmental and climate

We have not identified any significant risks related to environmental matters, and therefore we have not developed a formalized stand-alone policy on the topic.

However, at Cepheo we strive to reduce the climate and environmental footprint of our business. We recognize that it is inevitable for our business to have an impact on climate and environment, but we are committed to mitigate these impacts to reduce our footprint on the climate and environment.

One of our strategic focus areas is a commitment through our solutions to help humans and technology work together to make industries more efficient and sustainable.

We are also committed to strive for reducing our footprint from our own operations.

Social

We have not identified any significant risks related to social matters. No breaches to employee code of conduct have been reported to the Group. At Cepheo, we treat each other with respect, and we are committed to supporting proper terms of employment and working conditions. We aim to attract employees with passion for their work and we believe in the power of diversity, inclusion, and support of each other's development. We are committed to promote diversity in our organization and it is an integrated part of our management strategy.

Employee code of conduct

To support our commitment to ethical business, we have a Code of Conduct that represents the foundation and the ethical values for the way that we wish to do business.

The employee code of conduct serves as a guidance for our employees on how they should conduct their day-to-day business. The purpose of the code of conduct is to ensure that all employees have a clear understanding of the principles and ethical values that Cepheo wants to live up to.

The Code of Conduct has been rolled out across the Cepheo Group and all employees must complete the annual mandatory training.

Governance

We have not identified any significant risks related to human rights. In our code of conduct we have described our principles for human rights.

We take action to prevent or mitigate actual or potential adverse impacts identified and track implementation. In

instances where an adverse impact has occurred, we seek to provide access to remedy (for example apologies, restitution, rehabilitation, financial or non-financial compensation, etc.). In 2024, no incidents of human rights violations have been reported within the organization.

Business ethics policy

At Cepheo, we have a zero-tolerance policy against corruption and prohibit all corrupt practices throughout our business operations. We wish to conduct our business responsibly and according to what is morally and ethically right.

Business relationships code of conduct

Cepheo depends to a high degree on the performance of our business partners, consultants, suppliers, and sub suppliers. For that reason, Cepheo has developed a Business Relationships Code of Conduct.

Whistleblower policy

Cepheo Group has implemented a whistleblower scheme that provides all employees, as well as members of both Executive Management and the Board of Directors, with an alternative reporting channel in addition to the regular reporting lines. The policy ensures that employees know how to act and whom to contact if they discover or suspect fraud, bribery or conduct that is in violation of the law or Cepheo Group's internal rules and policies.

This policy relates to serious matters that may threaten Cepheo Group's financial performance or reputation, such as fraud, bribery, extortion, misuse of internal information, violation of financial regulations, or similar issues.

The purpose of this policy is to complement the management system, enabling both leadership and employees to anonymously report on objectionable conditions, serious transgressions, or suspicions thereof within the Group. This is intended to be done without placing the whistleblower in an uncomfortable situation or jeopardising the whistleblower's status within the organisation. At our homepage there is a link to our whistleblowing reporting channel.

Management Structure

Our commitment to good corporate governance is anchored in our rules of procedure and management structure, specifically, our Board of Directors and Management teams.

Jan Johan Kühl, Chairman		
Chairman Polaris V Invest Fonden	Board member Vikingbus Gruppen A/S Advantage Investment Partners A/S Brancheforeningen for Aktive Ejere i Danmark Inter Primo A/S	Executive Management Polaris Management A/S Polaris CS Fund I GP ApS Business Synergy Group ApS Apart form the included, other various management positions in Holding companies related to Polaris Private Equity
Allan Bech Pedersen, Board Member		
Chairman	Board member Polaris V Invest Fonden Configit A/S Cepheo Holding A/S Cepheo A/S Scanmetals A/S	Executive Management ØstPeder Holding ApS Apart form the included, other various management positions in Holding companies related to Polaris Private Equity
Henrik Bonnerup, Board member		
Chairman Sinful ApS	Board member Polaris Flexible Invest I ApS Link Logistic A/S	Executive Management Polaris Flexible Invest I Aps PFC I – Debt ApS Polaris CS Fund I GP ApS CEKA Holding ApS Apart form the included, other various management positions in Holding companies related to Polaris Private Equity

Diversity

Cepheo strives to promote an inclusive and diverse environment. A diverse composition of both management and staff can provide many benefits, including enhanced creativity, innovation, and problem-solving, which can help identify new opportunities and ensure future growth and performance. A starting point is to create equal opportunities for individuals of all ages, genders, nationalities, religions, ideologies, and skill sets. In 2024, women made up 32% of the management team. We will strive to improve the share of women in the management.

Statutory report on data ethics policy

The Group has during 2024 focused on implementing a new IT platform and restructure the business. This work has required much effort and has been pivotal in merging and integrating all companies properly into the Group. Unfortunately, it has meant that we have not had the resources to prioritize the work with data ethics. We expect the data ethics policy to be completed in 2025.

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 2024

	Notes	2024 DKK	2023 DKK
Revenue	2	519,442,433	372,585,934
Other operating income	3	5,045,609	42,313,208
Cost of sales		(167,057,864)	(100,148,308)
Other external expenses	4	(85,667,420)	(78,500,476)
Gross profit/loss		**271,762,758**	**236,250,358**
Staff costs	5	(337,827,355)	(266,739,889)
Depreciation, amortisation and impairment losses	6	(5,883,326)	(2,239,319)
Operating profit/loss		**(71,947,923)**	**(32,728,850)**
Income from investments in associates		55,489	0
Other financial income	7	1,722,854	764,087
Other financial expenses	8	(7,550,800)	(2,905,055)
Profit/loss before tax		**(77,720,380)**	**(34,869,818)**
Tax on profit/loss for the year	9	20,404,650	1,553,941
Profit/loss for the year	10	**(57,315,730)**	**(33,315,877)**

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Acquired intangible assets		1,187,875	1,519,375
Goodwill		20,596,086	26,542,374
Intangible assets	11	**21,783,961**	**28,061,749**
Other fixtures and fittings, tools and equipment		193,317	542,340
Leasehold improvements		35,474	104,438
Property, plant and equipment	12	**228,791**	**646,778**
Investments in associates		711,489	0
Deposits		4,912,978	4,762,547
Deferred tax	14	26,208,549	4,267,100
Financial assets	13	**31,833,016**	**9,029,647**
Fixed assets		**53,845,768**	**37,738,174**
Trade receivables		97,010,668	87,968,605
Contract work in progress		3,597,718	1,421,738
Other receivables		5,603,939	1,827,815
Tax receivable		69,220	0
Prepayments	15	3,004,310	6,660,076
Receivables		**109,285,855**	**97,878,234**
Cash		**32,027,957**	**27,761,044**
Current assets		**141,313,812**	**125,639,278**
Assets		**195,159,580**	**163,377,452**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital	16	6,385,995	1,008,800
Translation reserve		(770,866)	143,353
Retained earnings		18,833,195	(14,823,300)
Equity belonging to Parent's shareholders		**24,448,324**	**(13,671,147)**
Equity belonging to minority interests		**(14,162,350)**	**(16,697,467)**
Equity		**10,285,974**	**(30,368,614)**
Other provisions	17	5,188,032	6,511,521
Provisions		**5,188,032**	**6,511,521**
Subordinate loan capital	18	1,993,240	0
Non-current liabilities other than provisions	19	**1,993,240**	**0**
Bank loans		43,625,796	44,967,060
Prepayments received from customers		6,345,746	12,520,616
Trade payables		38,770,141	43,946,717
Payables to group enterprises		445,500	0
Tax payable		53,501	3,202,567
Other payables		82,246,448	82,597,585
Deferred income	20	6,205,202	0
Current liabilities other than provisions		**177,692,334**	**187,234,545**
Liabilities other than provisions		**179,685,574**	**187,234,545**
Equity and liabilities		**195,159,580**	**163,377,452**
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	22		
Non-arm's length related party transactions	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2024

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK
Equity beginning of year	1,008,800	143,353	(7,919,903)	(6,767,750)	(8,312,597)
Adjustment of material errors	0	0	(6,903,397)	(6,903,397)	(8,384,870)
Adjusted equity, beginning of year	**1,008,800**	**143,353**	**(14,823,300)**	**(13,671,147)**	**(16,697,467)**
Increase of capital	5,377,195	0	81,091,030	86,468,225	0
Exchange rate adjustments	0	(914,219)	0	(914,219)	(502,010)
Other entries on equity	0	0	(11,691,871)	(11,691,871)	24,610,193
Profit/loss for the year	0	0	(35,742,664)	(35,742,664)	(21,573,066)
Equity end of year	**6,385,995**	**(770,866)**	**18,833,195**	**24,448,324**	**(14,162,350)**

	Total DKK
Equity beginning of year	(15,080,347)
Adjustment of material errors	(15,288,267)
Adjusted equity, beginning of year	**(30,368,614)**
Increase of capital	86,468,225
Exchange rate adjustments	(1,416,229)
Other entries on equity	12,918,322
Profit/loss for the year	(57,315,730)
Equity end of year	**10,285,974**

Consolidated cash flow statement for 2024

	Notes	2024 DKK	2023 DKK
Operating profit/loss		(71,947,923)	(32,728,850)
Amortisation, depreciation and impairment losses		5,883,326	2,239,319
Working capital changes	21	(6,028,862)	(26,831,302)
Adjustment of material misstatement		0	19,555,367
Cash flow from ordinary operating activities		**(72,093,459)**	**(37,765,466)**
Financial income received		1,722,854	764,087
Financial expenses paid		(7,550,800)	(2,905,055)
Taxes refunded/(paid)		(4,755,085)	0
Cash flows from operating activities		**(82,676,490)**	**(39,906,434)**
Acquisition etc. of property, plant and equipment		(193,317)	0
Acquisition of subsidiaries, net of cash acquired		0	21,403,052
Cash flows from investing activities		**(193,317)**	**21,403,052**
Free cash flows generated from operations and investments before financing		**(82,869,807)**	**(18,503,382)**
Loans raised		0	44,967,060
Repayments of loans etc.		(1,341,264)	0
Incurrence of debt to group enterprises		2,438,740	0
Cash capital increase		86,468,225	0
Cash flows from financing activities		**87,565,701**	**44,967,060**
Increase/decrease in cash and cash equivalents		**4,695,894**	**26,463,678**

Cash and cash equivalents beginning of year	27,761,044	1,011,439
Currency translation adjustments of cash and cash equivalents	(428,981)	285,927
Cash and cash equivalents end of year	**32,027,957**	**27,761,044**

Cash and cash equivalents at year-end are composed of:		
Cash	32,027,957	27,761,044
Cash and cash equivalents end of year	**32,027,957**	**27,761,044**

Notes to consolidated financial statements

1 Uncertainty relating to recognition and measurement

Management considers the accounting estimates and judgements of the deferred tax asset to be significant in the preparation of the financial statement.

The key uncertainties in the measurement of these assets are outlined below:

Spin-off of non-strategic business area

Cepheo plans to spin off a non-strategic business area during 2025. Once the spin-off is completed, it will utilize most of the deferred tax asset in Denmark for 2025. The spin-off is expected to be concluded early Q4 2025. Moving forward, the spin-off will reduce annual revenue by DKK 28-31 million and EBITDA by DKK 9-10 million.

Revenue Growth

The group anticipates revenue growth in 2025 and the subsequent years with a CAGR of 6-7%, which corresponds to an average increase of DKK 50 million per year. Management considers this growth expectation conservative compared to the available market studies, which indicate a growth range of 12-15%.

If the CAGR varies by +1%/-1% from the target, it will impact the planned revenue by DKK 20-25 million per year on average, with a corresponding effect on EBITDA of approximately DKK 1.0-1.5 million.

Management segments the revenue into recurring and non-recurring, with the latter offering higher predictability due to longer-term contracts and, consequently, a lower inherent risk.

Non-recurring revenue

The non-recurring revenue, which constitutes approximately 67% of the Group's total revenue, is derived from consulting hours invoiced to customers for projects and managed services. Management calculates non-recurring revenue based on the number of productive employees, the average rate-card, and the average billing hours per employee.

An assumed 6 percentage point improvement in billability is factored into the revenue and related cost calculations, which is expected to result in an improved EBITDA of DKK 30 million starting in 2025 and beyond. Additionally, transferring 14% more hours from the Nordic workforce to our capability center in Poland is anticipated to reduce costs and enhance billability, realizing an improved EBITDA of DKK 1.0-1.5 million from 2025 onwards.

The primary uncertainties stem from our ability to achieve the planned billability targets and the market conditions affecting the average rate-card. Management has prepared the following sensitivity analysis to address these uncertainties:

- If the assumed 6 percentage point increase in billability varies by +1ppt/-1ppt, it will impact the planned revenue by DKK 5.0-5.5 million, with a corresponding impact on EBITDA of DKK 1.0-1.5 million.

- If the average rate-card differs by +1%/-1% from expectations, it will affect the revenue by DKK 3.5-4.0 million, with a full impact on EBITDA.

- If the expected hours transferred to Poland vary by +10%/-10% from the target, it will impact the planned EBITDA by DKK 0.1-0.3 million.

A tight follow-up on billability and resource mix has been implemented in the management system to provide early warnings on deviations from estimates, enabling quicker adjustments to the plan.

Recurring Revenue
The recurring revenue consists of selling licenses and the fixed-price portion of managed services. Management has predicted a CAGR of 3-4%. A 1 percentage point change in the recurring growth rate will have an average yearly impact on revenue of DKK 6.0-7.0 million and a derived impact on EBITDA of DKK 0.5-1.0 million.

Reduction of general and administration (G&A) costs
Following the implementation of the new IT platform, G&A costs are anticipated to decrease by 1 percentage point relative to revenue annually from 2025 to 2027, resulting in average cost efficiency gains of DKK 14 million per year. Already, DKK 11 million of these savings have been realized in 2024. The remaining savings will stem from transferring additional back-office tasks to our Shared Service Center and automating administrative processes using the AI capabilities of the new IT platform. If the cost efficiency gains deviate by 0.25 percentage point from targets, the EBITDA impact will be +/- DKK 1.5 million.

All of the above mentioned will in 2025 increase revenue by DKK 47 million, EBITDA by DKK 49 million and provide a profit before tax for the period 2025-2027 of DKK 35-40 million, that can utilize the remaining of the tax losses carried forward.

These assumptions are grounded in management's informed estimates, taking into account both historical performance and projections of future market conditions. The implementation of the new IT platform has significantly enhanced management's ability to receive early warnings about changes in the pipeline, which can affect the number of billable hours and the volume of projects entering the sales pipeline. Management is confident that the spin-off of the non-strategic business area will be completed in 2025. However, it's important to note that any deviations from these assumptions could substantially influence the carrying value of the deferred tax asset.

2 Revenue

	2024 DKK	2023 DKK
Denmark	250,412,513	180,213,117
Norway	163,621,200	116,462,390
Sweden	105,408,720	75,910,427
Total revenue by geographical market	**519,442,433**	**372,585,934**
Consultancy and programming	380,515,001	237,067,941
Sale of software and other service agreements	137,589,198	133,679,566
Other reveue	1,338,234	1,838,427
Total revenue by activity	**519,442,433**	**372,585,934**

3 Other operating income

In 2023, other operating income contains income relating to acquisition of activity of DKK 42,313,054.

4 Fees to the auditor appointed by the Annual General Meeting

	Deloitte 2024 DKK	Other 2024 DKK	Total 2024 DKK
Statutory audit services	753,500	0	753,500
Tax services	135,000	0	135,000
Other services	737,216	0	737,216
	1,625,716	**0**	**1,625,716**

	Deloitte 2023 DKK	Other 2023 DKK	Total 2023 DKK
Statutory audit services	543,418	68,835	612,253
Other assurance engagements	50,000	0	50,000
Tax services	103,150	0	103,150
Other services	460,000	0	460,000
	1,156,568	**68,835**	**1,225,403**

5 Staff costs

	2024 DKK	2023 DKK
Wages and salaries	294,153,166	237,151,172
Pension costs	31,080,893	14,560,658
Other social security costs	12,593,296	15,028,059
	337,827,355	**266,739,889**

Average number of full-time employees	385	387

Special incentive programmes

The Group has established an incentive scheme comprising both the Board of Directors, the Executive Management and other employees and the incentive scheme is made to motivate and retain the participants.

The incentive scheme contains 1,400,000 warrants.
The incentive scheme allows participants to subscribe for a number of warrants, each entitling the holder to buy shares with a nominal value of DKK 0.01 in the subsidiary Cepheo A/S at a price agreed in advance.

A total of 1,125,000 warrants have been issued as of 31st December 2024.

Remuneration of management

The Management has not received any remuneration in 2024.

6 Depreciation, amortisation and impairment losses

	2024 DKK	2023 DKK
Amortisation of intangible assets	5,470,698	1,643,157
Depreciation on property, plant and equipment	412,628	596,162
	5,883,326	**2,239,319**

7 Other financial income

	2024 DKK	2023 DKK
Other interest income	15,022	75,525
Exchange rate adjustments	968,083	0
Other financial income	739,749	688,562
	1,722,854	**764,087**

8 Other financial expenses

	2024 DKK	2023 DKK
Financial expenses from group enterprises	431,278	0
Other interest expenses	4,988,811	388,503
Exchange rate adjustments	1,188,491	1,990,892
Other financial expenses	942,220	525,660
	7,550,800	**2,905,055**

9 Tax on profit/loss for the year

	2024 DKK	2023 DKK
Current tax	642,823	2,804,736
Change in deferred tax	(21,047,473)	(4,358,677)
	(20,404,650)	**(1,553,941)**

10 Proposed distribution of profit/loss

	2024 DKK	2023 DKK
Retained earnings	(35,742,664)	(15,158,592)
Minority interests' share of profit/loss	(21,573,066)	(18,157,285)
	(57,315,730)	**(33,315,877)**

11 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	1,657,500	28,047,406
Exchange rate adjustments	0	(945,215)
Cost end of year	**1,657,500**	**27,102,191**
Amortisation and impairment losses beginning of year	(138,125)	(1,505,032)
Exchange rate adjustments	138,125	0
Amortisation for the year	(469,625)	(5,001,073)
Amortisation and impairment losses end of year	**(469,625)**	**(6,506,105)**
Carrying amount end of year	**1,187,875**	**20,596,086**

12 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,138,502	104,438
Exchange rate adjustments	(198,676)	0
Additions	193,317	0
Cost end of year	**1,133,143**	**104,438**
Depreciation and impairment losses beginning of year	(596,162)	0
Depreciation for the year	(343,664)	(68,964)
Depreciation and impairment losses end of year	**(939,826)**	**(68,964)**
Carrying amount end of year	**193,317**	**35,474**

13 Financial assets

	Investments in associates DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	0	4,762,547	4,267,100
Exchange rate adjustments	0	(67,722)	0
Transfers	0	0	(4,267,100)
Additions	18,518	575,866	26,208,549
Disposals	0	(357,713)	0
Cost end of year	**18,518**	**4,912,978**	**26,208,549**
Exchange rate adjustments	(1,027)	0	0
Share of profit/loss for the year	55,489	0	0
Other adjustments	638,509	0	0
Revaluations end of year	**692,971**	**0**	**0**
Carrying amount end of year	**711,489**	**4,912,978**	**26,208,549**

Associates	Registered in	Ownership %
Skywlkr AS	Norway	44.55

14 Deferred tax

	2024 DKK	2023 DKK
Intangible assets	(868)	0
Property, plant and equipment	416,270	0
Receivables	1,081,720	0
Provisions	1,632,615	4,267,100
Tax losses carried forward	23,078,812	0
Deferred tax	**26,208,549**	**4,267,100**

Changes during the year	2024 DKK	2023 DKK
Beginning of year	4,267,100	0
Recognised in the income statement	21,047,473	4,358,677
Other adjustments	893,976	(91,577)
End of year	**26,208,549**	**4,267,100**

Deferred tax assets
For the assumptions that the deferred tax assets are recognized, we refer to the description in note 1 "Uncertainty relating to recognition and measurement".

15 Prepayments

Prepayments comprise various prepaid expenses. Prepayments are measured at cost.

16 Contributed capital

	Number	Par value DKK	Nominal value DKK
A-shares	319,299,750	0.01	3,192,997
B1-shares	158,004,000	0.01	1,580,040
B2-shares	158,004,000	0.01	1,580,040
B3-shares	1,645,875	0.01	16,459
B4-shares	1,645,875	0.01	16,459
	638,599,500		**6,385,995**

17 Other provisions

Other provisions has a value as of 31.12.2024 of DKK 5,188k. Other provisions consist of recognized losses on onerous contracts.

18 Subordinate loan capital

The subordinate loan capital is due including interests once the current owners exit.

19 Non-current liabilities other than provisions

	Due after more than 12 months 2024 DKK
Subordinate loan capital	1,993,240
	1,993,240

Debt after 5 years on the subordinate loan capital is DKK 0.

20 Deferred income

Deferred income is composed of income to be recognized in 2025.

21 Changes in working capital

	2024 DKK	2023 DKK
Increase/decrease in receivables	792,008	10,262,394
Increase/decrease in trade payables etc.	(6,820,870)	(37,093,696)
	(6,028,862)	**(26,831,302)**

22 Unrecognised rental and lease commitments

	2024 DKK	2023 DKK
Total liabilities under rental or lease agreements until maturity	22,200,381	31,792,838

23 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.

24 Subsidiaries

	Registered in	Corporate form	Ownership %
Cepheo Holding A/S	Denmark	A/S	69.14
Cepheo A/S	Denmark	A/S	64.38
Cepheo Danmark A/S	Denmark	A/S	64.38
Cepheo Norge AS	Norway	AS	64.38
Cepheo Sverige AB	Sweden	AB	64.38
Cepheo Polska Sp. Z.o.o.	Poland	Sp. Z.o.o.	64.38
Axdata Pty Ltd.	Australia	Ltd.	54.73

Parent income statement for 2024

	Notes	2024 DKK	2023 DKK
Other external expenses		(63,125)	(45,000)
Gross profit/loss		**(63,125)**	**(45,000)**
Income from investments in group enterprises		(39,171,130)	(15,113,581)
Other financial income	1	5,407,066	421,031
Other financial expenses	2	(962,788)	(421,042)
Profit/loss before tax		**(34,789,977)**	**(15,158,592)**
Tax on profit/loss for the year		(952,687)	0
Profit/loss for the year	3	**(35,742,664)**	**(15,158,592)**

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 DKK	2023 DKK
Investments in group enterprises		0	0
Receivables from group enterprises		25,216,831	0
Financial assets	4	**25,216,831**	**0**
Fixed assets		**25,216,831**	**0**
Receivables from group enterprises		445,500	30,868,121
Receivables		**445,500**	**30,868,121**
Cash		**295,305**	**475,791**
Current assets		**740,805**	**31,343,912**
Assets		**25,957,636**	**31,343,912**

Equity and liabilities

	Notes	2024 DKK	2023 DKK
Contributed capital		6,385,995	1,008,800
Retained earnings		18,062,329	(14,679,947)
Equity		**24,448,324**	**(13,671,147)**
Bank loans		0	44,967,060
Trade payables		108,125	45,000
Payables to group enterprises		445,500	0
Joint taxation contribution payable		952,687	0
Other payables		3,000	2,999
Current liabilities other than provisions		**1,509,312**	**45,015,059**
Liabilities other than provisions		**1,509,312**	**45,015,059**
Equity and liabilities		**25,957,636**	**31,343,912**

Employees	5
Contingent liabilities	6
Related parties with controlling interest	7
Non-arm's length related party transactions	8

Parent statement of changes in equity for 2024

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,008,800	(7,776,550)	(6,767,750)
Adjustment of material errors	0	(6,903,397)	(6,903,397)
Adjusted equity, beginning of year	**1,008,800**	**(14,679,947)**	**(13,671,147)**
Increase of capital	5,377,195	81,091,030	86,468,225
Exchange rate adjustments	0	(914,219)	(914,219)
Other entries on equity	0	(11,691,871)	(11,691,871)
Profit/loss for the year	0	(35,742,664)	(35,742,664)
Equity end of year	**6,385,995**	**18,062,329**	**24,448,324**

Notes to parent financial statements

1 Other financial income

	2024 DKK	2023 DKK
Financial income from group enterprises	5,407,066	421,031
	5,407,066	**421,031**

2 Other financial expenses

	2024 DKK	2023 DKK
Other interest expenses	959,163	326,565
Other financial expenses	3,625	94,477
	962,788	**421,042**

3 Proposed distribution of profit and loss

	2024 DKK	2023 DKK
Retained earnings	(35,742,664)	(15,158,592)
	(35,742,664)	**(15,158,592)**

4 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK
Cost beginning of year	514,488	0
Additions	47,740,275	43,356,686
Cost end of year	**48,254,763**	**43,356,686**
Impairment losses beginning of year	(514,488)	0
Exchange rate adjustments	(914,219)	0
Transfers	0	(7,199,513)
Share of profit/loss for the year	(39,171,130)	0
Investments with negative equity value depreciated over receivables	10,940,342	(10,940,342)
Other adjustments	(18,595,268)	0
Impairment losses end of year	**(48,254,763)**	**(18,139,855)**
Carrying amount end of year	**0**	**25,216,831**

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

In other adjustments, DKK -6,903,397 relate to adjustment of material misstatement prior years. Refer to description in accounting policies.

5 Employees

The Entity has no employees other than the Executive Board. The Executive Board has not received any remuneration.

6 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7 Related parties with controlling interest

Polaris Private Equity V K/S owns the majority of the shares in the Entity, thus exercising control.

8 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.

Material errors in previous years and other adjustments in comparison figures

Material error in previous years - Consolidated annual report

During the financial year 2024, it has come to Management' attention that some of the costs were not recognized correctly in the net assets in the activity acquisition made in 2023 and that the loss on an onerous lease agreement was not recognized in 2023. As a consequence, Management of the Group has made an adjustment of the comparison figures adjusted in equity in the beginning of the year 2024. Comparative figures of the Group have been restated accordingly, which has affected the following financial statement lines for 2023: Other operating income decreased with DKK 13,044k, Other external expenses has increased with DKK 6,512k, tax on profit/loss of the year increased (income) with DKK 4,267k, accounts payable increased with DKK 13,044k, other provisions has increased with DKK 6,512k and deferred tax asset increased with DKK 4,267k.

Furthermore, it has come to Management's attention, that the average number of employees in note 5, last year stated 438, which included external subcontracters. Therefore an adjustment has been made to an average of 387 employees in 2023.

Material error in previous years - Parent annual report

During the financial year 2024, it has come to Management' attention that in the subsidiaries, some of the costs were not recognized correctly in the net assets in the activity acquisition made in 2023 and that the loss on an onerous lease agreement was not recognized in 2023. As a consequence, Management of the Company has made an adjustment of the comparison figures adjusted in equity in the beginning of the year 2024. Comparative figures of the Company have been restated accordingly, which has affected the following financial statement lines for 2023: Income from investments in group enterprises decreased with DKK 6,903k, and receivables from group enterprises decreased with DKK 6,903k.

Other adjustments in comparison figures

In connection with the preparation of the annual report, reclassifications have been made in the comparison figures. These changes have no impact on the income statement or the total equity, but are solely presentational changes between individual financial statement lines.

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 line item.

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

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

Consolidated financial statements

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

Basis of consolidation

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

Subsidiaries' financial statement line items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises.

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. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

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).

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, comprising badwill.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost.

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 write-downs of receivables recognised in current assets.

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

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

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
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables and transactions in foreign currencies, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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

The Parent is jointly taxed with all of its Danish group enterprises. 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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, useful life has been determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used is 6 years.

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

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement. The amortisation period used is 5 years.

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

Property, plant and equipment

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

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

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

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 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.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, useful life has been determined based on an assessment of 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 6 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 associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

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

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

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

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.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

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

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 bank deposits.

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

Other provisions
Other provisions comprise anticipated costs of loss on contract work in progress.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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

Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash.