cepheo

**Cepheo Danmark A/S**

Paulas Passage 1
1799 København V
CVR No. 43802453

# Annual report 2024

The Annual General Meeting adopted the annual report on 03.07.2025

**Jørgen Jakobsen**
Chairman of the General Meeting

# Contents

# Entity details

### Entity

Cepheo Danmark A/S
Paulas Passage 1
1799 København V

Business Registration No.: 43802453
Registered office: København
Financial year: 01.01.2024 - 31.12.2024

### Board of Directors

Jørgen Jakobsen, Chairman
René Ebbesen
Steen Jørgen Hybschmann

### Executive Board

Steen Jørgen Hybschmann, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Cepheo Danmark 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations 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**

**Steen Jørgen Hybschmann**
CEO

**Board of Directors**

**Jørgen Jakobsen**
Chairman

**René Ebbesen**

**Steen Jørgen Hybschmann**

# Independent auditor's report

**To the shareholders of Cepheo Danmark A/S**

## Opinion

We have audited the financial statements of Cepheo Danmark 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of 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 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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<br>DKK'000 | 2023<br>DKK'000 |
|---|---|---|
| **Key figures** | | |
| Revenue | 278,328 | 213,718 |
| Gross profit/loss | 116,536 | 139,570 |
| Operating profit/loss | (9,926) | (7,144) |
| Net financials | (871) | (783) |
| Profit/loss for the year | (8,935) | (6,236) |
| Total assets | 88,280 | 79,851 |
| Equity | 229 | (5,836) |
| Average number of employees | 150 | 206 |
| | | |
| **Ratios** | | |
| Gross margin (%) | 41.87 | 65.31 |
| EBIT margin (%) | (3.57) | (3.34) |
| Net margin (%) | (3.21) | (2.92) |
| Equity ratio (%) | 0.26 | (7.31) |

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

**Gross margin (%):**
Gross profit/loss * 100
Revenue

**EBIT margin (%):**
Operating profit/loss * 100
Revenue

**Net margin (%):**
Profit/loss for the year * 100
Revenue

**Equity ratio (%):**
Equity * 100
Total assets

## 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 Denmark had 150 employees, representing a decrease of 56 employees during the year as a result of internal transfers to another group company - Cepheo A/S.

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

During this financial year, all companies in the Group have been moved to one common IT platform. We have made significant changes and investments in several business areas during the financial 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 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 note 2.

## Profit/loss for the year in relation to expected developments

The revenue for the Company in the financial year is DKK 278 million and the result is a loss of DKK 8.9 million.

The revenue growth was in line with the 5-10 percent growth expectations whereas the result was below expectations.

## Outlook

The Company anticipates to grow the revenue with approx. 5–10 percent for the upcoming year, driven by organic growth. For 2025, we expect a positive result in the range of 8-10 DKK million.

## Events after the balance sheet date

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

# Income statement for 2024

| | Notes | 2024<br>DKK | 2023<br>DKK |
|---|---|---|---|
| Revenue | | 278,328,356 | 213,718,054 |
| Other operating income | 3 | 4,771,770 | 15,420,107 |
| Cost of sales | | (85,975,069) | (57,818,116) |
| Other external expenses | | (80,588,837) | (31,750,478) |
| **Gross profit/loss** | | **116,536,220** | **139,569,567** |
| | | | |
| Staff costs | 4 | (124,957,101) | (146,713,784) |
| Depreciation, amortisation and impairment losses | 5 | (1,505,196) | 0 |
| **Operating profit/loss** | | **(9,926,077)** | **(7,144,217)** |
| | | | |
| Other financial income | 6 | 1,779,026 | 1,281,072 |
| Other financial expenses | 7 | (2,650,048) | (2,063,901) |
| **Profit/loss before tax** | | **(10,797,099)** | **(7,927,046)** |
| | | | |
| Tax on profit/loss for the year | 8 | 1,862,255 | 1,690,834 |
| **Profit/loss for the year** | 9 | **(8,934,844)** | **(6,236,212)** |

# Balance sheet at 31.12.2024

## Assets

| | Notes | 2024 DKK | 2023 DKK |
|---|---|---|---|
| Goodwill | | 4,869,750 | 6,374,946 |
| **Intangible assets** | 10 | **4,869,750** | **6,374,946** |
| Deposits | | 902,874 | 695,816 |
| Deferred tax | 12 | 3,565,538 | 2,016,740 |
| **Financial assets** | 11 | **4,468,412** | **2,712,556** |
| **Fixed assets** | | **9,338,162** | **9,087,502** |
| Trade receivables | | 52,200,168 | 42,355,312 |
| Contract work in progress | | 3,675,364 | 280,067 |
| Receivables from group enterprises | | 17,177,029 | 19,433,534 |
| Other receivables | | 232,397 | 1,326,342 |
| Joint taxation contribution receivable | | 313,457 | 0 |
| Prepayments | 13 | 517,845 | 3,050,968 |
| **Receivables** | | **74,116,260** | **66,446,223** |
| **Cash** | | **4,825,346** | **4,317,500** |
| **Current assets** | | **78,941,606** | **70,763,723** |
| **Assets** | | **88,279,768** | **79,851,225** |

## Equity and liabilities

| | Notes | 2024 DKK | 2023 DKK |
|---|---|---|---|
| Contributed capital | 14 | 400,000 | 400,000 |
| Retained earnings | | (171,056) | (6,236,212) |
| **Equity** | | **228,944** | **(5,836,212)** |
| | | | |
| Prepayments received from customers | | 6,345,746 | 10,023,915 |
| Trade payables | | 16,308,160 | 21,121,896 |
| Payables to group enterprises | | 27,557,850 | 12,942,322 |
| Joint taxation contribution payable | | 0 | 417,483 |
| Other payables | | 33,202,654 | 41,181,821 |
| Deferred income | 15 | 4,636,414 | 0 |
| **Current liabilities other than provisions** | | **88,050,824** | **85,687,437** |
| | | | |
| **Liabilities other than provisions** | | **88,050,824** | **85,687,437** |
| | | | |
| **Equity and liabilities** | | **88,279,768** | **79,851,225** |
| | | | |
| Events after the balance sheet date | 1 | | |
| Uncertainty relating to recognition and measurement | 2 | | |
| Unrecognised rental and lease commitments | 16 | | |
| Contingent liabilities | 17 | | |
| Related parties with controlling interest | 18 | | |
| Non-arm's length related party transactions | 19 | | |
| Group relations | 20 | | |

# Statement of changes in equity for 2024

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|---|---|---|---|
| Equity beginning of year | 400,000 | 914,048 | 1,314,048 |
| Corrections of material errors | 0 | (7,150,260) | (7,150,260) |
| **Adjusted equity, beginning of year** | **400,000** | **(6,236,212)** | **(5,836,212)** |
| | | | |
| Group contributions etc | 0 | 15,000,000 | 15,000,000 |
| Profit/loss for the year | 0 | (8,934,844) | (8,934,844) |
| **Equity end of year** | **400,000** | **(171,056)** | **228,944** |

# Notes

## 1 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.

## 2 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 and covers both Cepheo Danmark A/S and Cepheo A/S since the companies are subject to joint taxation:

**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 15-19 million and EBITDA by DKK 4-6 million.

**Revenue Growth**

The Company anticipates revenue growth in 2025 and the subsequent years with a CAGR of 4-5%, which corresponds to an average increase of DKK 24 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 10-12 million per year on average, with a corresponding effect on EBITDA of approximately DKK 0.8-1.2 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.

<u>Non-recurring revenue</u>

The non-recurring revenue, which constitutes approximately 67% of the company'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 5 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 8 million starting in 2025 and beyond. Additionally, transferring 15% more hours from the Danish workforce to our capability centre in Poland is anticipated to reduce costs and enhance billability, realizing an improved EBITDA of DKK 0.4-0.5 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 5 percentage point increase in billability varies by +1ppt/-1ppt, it will impact the planned revenue by DKK 2.5-2.8 million, with a corresponding impact on EBITDA of DKK 0.2-0.3 million.

- If the average rate-card differs by +1%/-1% from expectations, it will affect the revenue by DKK 1.5-2.0 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 0.05-0.1 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.

<u>Recurring Revenue</u>
The recurring revenue consists of selling licenses and the fixed-price portion of managed services. Management has predicted a be flat. A 1 percentage point change in the recurring growth rate will have an average yearly impact on revenue of DKK 3.0-3.5 million and a derived impact on EBITDA of DKK 0.25-0.5 million.

<u>Reduction of general and administration (G&A) costs</u>
Following the implementation of the new IT platform, G&A costs are anticipated to decrease by 1.8 percentage point relative to revenue annually from 2025 to 2027, resulting in average cost efficiency gains of DKK 12 million per year. Already, DKK 7 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 0.8 million.

All of the above mentioned will in 2025 increase revenue by DKK 13 million, EBITDA by DKK 24 million and provide a profit before tax for the period 2025-2027of DKK 60-65 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.

## 3 Other operating income

In 2023, other operating income contains income relating to acquisition of activity of DKK 15,227,450.

## 4 Staff costs

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|
| Wages and salaries | 109,574,535 | 132,264,611 |
| Pension costs | 14,422,854 | 13,393,947 |
| Other social security costs | 959,712 | 1,055,226 |
| | **124,957,101** | **146,713,784** |

| | | |
|---|---|---|
| Average number of full-time employees | 150 | 206 |

| | Remuneration of Management 2024<br>DKK | Remuneration of Management 2023<br>DKK |
|---|---|---|
| Total amount for management categories | 2,268,316 | 1,120,974 |
| | **2,268,316** | **1,120,974** |

According to section 98b(3) of the Danish Financial Statements Act, information on Management's remuneration is disclosed as a total amount for all management categories.

## 5 Depreciation, amortisation and impairment losses

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|
| Amortisation of intangible assets | 1,505,196 | 0 |
| | **1,505,196** | **0** |

## 6 Other financial income

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|
| Financial income from group enterprises | 586,212 | 1,083,205 |
| Exchange rate adjustments | 785,723 | 0 |
| Other financial income | 407,091 | 197,867 |
| | **1,779,026** | **1,281,072** |

## 7 Other financial expenses

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|
| Financial expenses from group enterprises | 1,338,210 | 522,174 |
| Other interest expenses | 1,200,794 | 0 |
| Exchange rate adjustments | 0 | 1,434,448 |
| Other financial expenses | 111,044 | 107,279 |
| | **2,650,048** | **2,063,901** |

## 8 Tax on profit/loss for the year

| | 2024 DKK | 2023 DKK |
|---|---|---|
| Current tax | 0 | 417,483 |
| Change in deferred tax | (1,548,798) | (2,108,317) |
| Refund in joint taxation arrangement | (313,457) | 0 |
| | **(1,862,255)** | **(1,690,834)** |

## 9 Proposed distribution of profit and loss

| | 2024 DKK | 2023 DKK |
|---|---|---|
| Retained earnings | (8,934,844) | (6,236,212) |
| | **(8,934,844)** | **(6,236,212)** |

## 10 Intangible assets

| | Goodwill DKK |
|---|---|
| Cost beginning of year | 6,374,946 |
| **Cost end of year** | **6,374,946** |
| Amortisation for the year | (1,505,196) |
| **Amortisation and impairment losses end of year** | **(1,505,196)** |
| **Carrying amount end of year** | **4,869,750** |

## 11 Financial assets

| | Deposits DKK | Deferred tax DKK |
|---|---|---|
| Cost beginning of year | 695,816 | 2,016,740 |
| Additions | 564,771 | 1,548,798 |
| Disposals | (357,713) | 0 |
| **Cost end of year** | **902,874** | **3,565,538** |
| **Carrying amount end of year** | **902,874** | **3,565,538** |

## 12 Deferred tax

| | 2024 DKK |
|---|---|
| Property, plant and equipment | 98,283 |
| Tax losses carried forward | 3,467,255 |
| **Deferred tax** | **3,565,538** |

| Changes during the year | 2024 DKK | 2023 DKK |
|---|---|---|
| Beginning of year | 2,016,740 | 0 |
| Recognised in the income statement | 1,548,798 | 2,016,740 |
| **End of year** | **3,565,538** | **2,016,740** |

**Deferred tax assets**

Management has recognized the deferred tax asset, primarily relating to tax loss carry forward. Management expects the tax loss carry forward to be used based on future positive taxable income - we refer to note 2.

## 13 Prepayments

Prepayments consist of prepaid expenses and expenses that are periodised.

## 14 Contributed capital

| | Number | Par value DKK | Nominal value DKK |
|---|---|---|---|
| Shares | 400,000 | 1 | 400,000 |
| | **400,000** | | **400,000** |

## 15 Deferred income

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

## 16 Unrecognised rental and lease commitments

| | 2024 DKK | 2023 DKK |
|---|---|---|
| Liabilities under rental or lease agreements until maturity in total | 3,603,447 | 8,533,730 |

## 17 Contingent liabilities

The Entity has received and submitted a letter of comfort to Group entities that neither the Entity or the Group entities will demand the intercompany receivables of 31 December 2024 and any increases to these receivables after this date to be repaid until 30 June 2026 at the earliest unless the counterparty prior to 30 June 2026 has the liquidity to do so.

The Entity participates in a Danish joint taxation arrangement where P-Cepheo A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 18 Related parties with controlling interest

Cepheo A/S, Copenhagen, owns all shares in the Entity, thus exercising control.

## 19 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

## 20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
P-Cepheo A/S, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
P-Cepheo A/S, Copenhagen

# Accounting policies

## Reporting class

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

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

## Non-comparability

Last year was the Company's first financial year. The Company was established on 23.01.2023, meaning that the comparison figures are for the period 23.01.2023 - 31.12.2023 against current financial year of 01.01.2024 - 31.12.2024. The Company started the operations on 1 April 2023 with a carve-out of the activities from a large global company. Therefore, last financial year only has operational activities in 9 months from 01.04.2023 - 31.12.2023. With effect from 01.08.2023 the company bought AXDATA A/S and merged within this annual report from the beginning of the year 2023. Therefore, there is non-comparability between last year and current year figures.

## Material errors in previous years and other adjustments in comparison figures

### Material error in previous years

During the financial year 2024, it has come to Managements attention that some of the costs were not recognized correctly in the net assets in the activity acquisition made in 2023. As a consequence, Management of the Company has made an adjustment of the comparison figures adjusted to the 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: Other operating income decreased with DKK 9,167k, tax on profit/loss of the year increased (income) with DKK 2,017k, accounts payable increased with DKK 9,167k and deferred tax asset increased with DKK 2,017k.

### Other adjustments in comparisson 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 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.

## Business combinations

Newly acquired 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.

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

## Income statement

### Revenue

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, including profit from the sale of intangible assets and property, plant and equipment, badwill and salary refunds.

### 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 writedowns of receivables recognised in current assets.

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

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

**Other financial income**
Other financial income comprises interest income, including interest income from 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 Entity is jointly taxed with all 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. 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.

**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.

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

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

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

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.

**Joint taxation contributions receivable or payable**
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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

**Cash**
Cash comprises bank deposits.

**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 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
Referring to section 86(4) of the Danish Financial Statements Act, the Entity has prepared no cash flow statement as such statement is included in the consolidated cash flow statement of P-Cepheo A/S, Business Reg. No. 43115197.