Cepheo Danmark A/S

Paulas Passage 1
1799 København V
CVR No. 43802453

Annual report 23.01.2023 - 31.12.2023

The Annual General Meeting adopted the annual report on 05.07.2024

Jørgen Jakobsen
Chairman of the General Meeting

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Entity details

Entity

Cepheo Danmark A/S
Paulas Passage 1
1799 København V

Business Registration No.: 43802453
Registered office: København
Financial year: 23.01.2023 - 31.12.2023

Board of Directors

Jørgen Jakobsen, Chairman
René Ebbesen
Kristian Nørhave

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 23.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 23.01.2023 - 31.12.2023.

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

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

Copenhagen, 05.07.2024

Executive Board

Steen Jørgen Hybschmann
CEO

Board of Directors

Jørgen Jakobsen
Chairman

René Ebbesen

Kristian Nørhave

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 23.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 23.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the 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, 05.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

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

Management commentary

Financial highlights

	2023 DKK'000
Key figures	
Revenue	213,718
Gross profit/loss	163,300
Operating profit/loss	2,105
Net financials	(865)
Profit/loss for the year	914
Total assets	77,834
Equity	1,314
Average number of employees	206
Ratios	
Gross margin (%)	76.41
EBIT margin (%)	0.98
Net margin (%)	0.43
Equity ratio (%)	1.69

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.

Development in activities and finances
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 and deployment services.

We are one of the largest Microsoft Partners in the Nordics with 30+ years of collaboration. Cepheo has a dedicated focus on the Microsoft platform, including Dynamics 365, Power Platform and Azure with related services.

This year is the first FY year with activities for the Company. The Company started the operations on 1 April 2023 with a carve-out of the activities from a large global company. This financial year have operational activities in only 9 month from 1 April to 31 December 2023. With effect from 1 August 2023 the company bougt AXDATA A/S and is it merged within this annual report from the beginning of the Financial year.

This first FY is effected by the company start, and there has been significant investments in systems and processes within all areas of the Company. There have also been significant investments in developing method and project management including training and improvement of skills for our employees, who are our most valuable asset.

The revenue for the group in the financial year is DKK 213,718k and the result after tax is DKK 914k. Based on the reasons mentioned above the revenue and result is as expected.

Uncertainty relating to recognition and measurement
As part of the preparation of the financial statements, Management makes a number of significant accounting estimates, judgements and assumptions as a basis for recognizing and measuring the Company's assets as well as judgements made in applying the Company's accounting policies. The estimates, judgements and assumptions made are based on historical experience and other relevant factors. The actual results may deviate from such estimates.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. Management considers the following accounting estimates and judgements to be significant in the preparation of the financial statements: accurary of other operating income and impairment of goodwill and trade receivables.

The accounting policies are described in detail in accounting policies to the financial statements to which we refer.

Outlook
The Company anticipates to grow the revenue with approx. 5 – 10 percent for the upcoming year, driven by organic growth. 2024 will also be affected significant by investments in systems, processes and improvement of skills for our employes. We refer to the section "development in activities and Finances".

Knowledge resources

The Company has a focus to attract, develop and retain skilled employees with a high level of relevant competences.

Throughout the year, a considerable number of experienced and highly qualified employees have been added to the Company. This has occurred through both acquisitions of new companies as well as through continuous organic growth. Accordingly, the Company's knowledge and competence base has been strengthened significantly during 2023.

The realization of the Company's goal of ensuring quality, knowledge and know-how at each employee level will be facilitated through recruitment procedures and continuous development of the existing employees and their competences.

Environmental performance

The Company does not have activities with a significant effect on the environment. However the Company has an ambition to run a responsible environmental business, exemplified with online meetings instead of physical meeting as much as possible to reduce transport burden on the environment.

Research and development activities

The Company focus on developing own IP to support and enhance the Microsoft technology within Dynamics 365, Power Platform and Azure with related services.

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 2023

	Notes	2023 DKK
Revenue		213,718,054
Other operating income	2	24,394,450
Cost of sales		(60,219,482)
Other external expenses		(14,592,566)
Gross profit/loss		**163,300,456**
Staff costs	3	(161,195,900)
Operating profit/loss		**2,104,556**
Other financial income	4	1,281,072
Other financial expenses	5	(2,145,674)
Profit/loss before tax		**1,239,954**
Tax on profit/loss for the year	6	(325,906)
Profit/loss for the year	7	**914,048**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK
Goodwill		6,374,946
Intangible assets	8	**6,374,946**
Deposits		695,816
Financial assets	9	**695,816**
Fixed assets		**7,070,762**
Trade receivables		42,355,312
Contract work in progress		280,067
Receivables from group enterprises		19,433,534
Other receivables		1,326,342
Prepayments	10	3,050,968
Receivables		**66,446,223**
Cash		**4,317,500**
Current assets		**70,763,723**
Assets		**77,834,485**

Equity and liabilities

	Notes	2023 DKK
Contributed capital	11	400,000
Retained earnings		914,048
Equity		**1,314,048**
Prepayments received from customers		10,023,915
Trade payables		11,954,896
Payables to group enterprises		12,942,322
Joint taxation contribution payable		417,483
Other payables		41,181,821
Current liabilities other than provisions		**76,520,437**
Liabilities other than provisions		**76,520,437**
Equity and liabilities		**77,834,485**
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	12	
Contingent liabilities	13	
Related parties with controlling interest	14	
Non-arm’s length related party transactions	15	
Group relations	16	

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	400,000	0	400,000
Profit/loss for the year	0	914,048	914,048
Equity end of year	**400,000**	**914,048**	**1,314,048**

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 Other operating income

Other operating income totalling DKK 24,394,450 relates to acquisition of activity.

3 Staff costs

	2023 **DKK**
Wages and salaries	145,692,138
Pension costs	13,393,947
Other social security costs	1,055,226
Other staff costs	1,054,589
	161,195,900

Average number of full-time employees	206

According to section 98b(3) of the Danish Financial Statements Act, information on Management's remuneration is not disclosed.

4 Other financial income

	2023 **DKK**
Financial income from group enterprises	1,083,205
Other financial income	197,867
	1,281,072

5 Other financial expenses

	2023 **DKK**
Financial expenses from group enterprises	522,174
Exchange rate adjustments	1,434,448
Other financial expenses	189,052
	2,145,674

6 Tax on profit/loss for the year

	2023 DKK
Current tax	417,483
Change in deferred tax	(91,577)
	325,906

7 Proposed distribution of profit and loss

	2023 DKK
Retained earnings	914,048
	914,048

8 Intangible assets

	Goodwill DKK
Addition through business combinations etc	6,374,946
Cost end of year	**6,374,946**
Carrying amount end of year	**6,374,946**

9 Financial assets

	Deposits DKK
Addition through business combinations etc	695,816
Cost end of year	**695,816**
Carrying amount end of year	**695,816**

10 Prepayments

Prepayments consist of prepaid expenses and expenses that are accrued

11 Share capital

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

12 Unrecognised rental and lease commitments

	2023 DKK
Liabilities under rental or lease agreements until maturity in total	8,533,730

13 Contingent liabilities

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.

14 Related parties with controlling interest

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

15 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.

16 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).

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, and 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 writedowns of receivables recognised in current assets.

Staff costs

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

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 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. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 6 years. Useful lives are reassessed annually. The amortisation periods used are 6 years.

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

Receivables

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

Contract work in progress

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

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

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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of 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.

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 Cepheo A/S, Business Reg. No. 43117246.