EG A/S
Annual Report
2020

This Annual Report was presented and approved by the shareholders at the Company's Annual General Meeting held on 13 April 2021.

Henrik Hansen, Dirigent

www.eg.dk Company reg. (CVR) no. 84 66 78 11 1 January – 31 December 2020

Let's go further

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Our business 2020

Looking back at 2020

2020 – strengthening our market positions

In 2020, our focus was on both strengthening our market positions and our capabilities as a software company. It was a turbulent year for both our customers and our employees, requiring constant and quick reactions to the changing COVID-19 restrictions.

Our focus on business-critical applications and our diversified presence across 20 different markets added to the stability in both our financials and customer base during 2020.

We continued to execute our strategy to become market leader in each of our verticals across Scandinavia and acquired eight companies in 2020 to support this strategy. We are delighted that the founders of these eight companies chose EG as the best permanent home for their business. In all eight companies we found strong products and deep expertise within niche areas developed over many years and sometimes decades.

These eight acquisitions strengthen our customer offering and our market position in some of our key vertical markets, i.e. construction, healthcare & beauty, housing, legal and the public sector; all sectors where vertical applications provide immediate customer value and where we see potential for further digitisation.

We made two significant acquisitions within the construction industry, namely the Norwegian software company Holte AS, acquired in March, and Sigma Estimates A/S, which was acquired in October. Holte is one of the market leaders within IT solutions for the construction market in Norway with more than 130 employees and 9,500 customers. Holte has digitised every step of the construction process and has an impressive product portfolio. Sigma Estimates is a Danish software company focused on the correct estimation of building projects, something which is crucial for the profitability of any construction company. By combining the strengths of EG, Sigma Estimates and Holte, we are creating a true Scandinavian champion within software solutions for the entire construction sector. The VP, construction of Holte, Aleksander Bjaaland, now heads up all EG's businesses within the construction market.

In May and July of 2020, we strengthened our Healthcare and Beauty business through the acquisition of Hano AS in Norway and A-Data A/S in Denmark. Hano's 3,500 customers in Norway, active primarily within the Hairdresser segment, complement our strong position in the Danish market. A-Data is one of our long-term respected colleagues in the primary healthcare sector and we were proud to be able to join forces with them. The demand for innovative IT solutions in healthcare focused on the individual patients has grown steadily, increasing the need for us to deliver functional software that supports the development of the primary healthcare sector. By combining A-Data's competences with EG's existing offerings, we can now invest more in the products and, through this, strengthen the primary healthcare sector.

EG's offerings to the public market were strengthened in the second half of 2020 with the acquisition of Altiplan Aps and LUDUS Suite. Altiplan's products complement our resource scheduling product portfolio and are used in hospital wards across Denmark. Altiplan's products have also been used by several COVID-19 testing sites to ensure dynamic rostering. We have identified an increasing need to make resource scheduling easier and more effective, which is the focus within our Silkeborg Data business unit and Altiplan.

In October, we acquired LUDUS Suite as part of our ambition to enter the EdTech market. The LUDUS Suite platform serves a wide variety of educational institutions in Denmark with modern application services that support study administration, including administration of students, schedules, exams, tests, and reports. We regard the educational sector as a growing market with many educational institutions with shared industry-specific challenges and a common need for standard EdTech software. A market that fits well with EG's strategy.

We also strengthened our offerings within the legal and housing administration market in Denmark by adding Capto A/S and Prosedo Aps to the EG family. Capto doubles our presence in

> By combining the strengths of EG, Sigma Estimates and Holte we create a true Scandinavian champion within software solutions for the entire construction sector.

the legal tech market and ensures that we can offer more to this market. Prosedo complements our offering within the housing and property administration market. Prosedo has more than 115,000 users of its ProBo platform, which is an intuitive system housing administration system. We are thrilled to be able to welcome a real high growth start-up to EG and be chosen as the most suitable owner for continuing Prosedo's journey and strengthening its products.

All in all, these are eight acquisitions that have extended our customer offering.

2020 was also a year in which we focused on strengthening our operating capabilities as a company. The focus has been to continue our journey towards building a common operating model which can support the independence and uniqueness of our products and vertical competences, while we, as a company, can provide scale and efficiency for everyone. Each of our business units are given independence within each of their markets, while we ensure that the scale and capabilities of EG, as a whole, can support these business units and especially the newly acquired companies. EG's new common operating model includes best practices across all key software disciplines from product management, software development through sales, order fulfilment, subscription management and invoicing. In 2020, we onboarded 72 teams to our joint DevOps platform and added 61 employees in our development centre in Warsaw in order to improve our ability to deliver best in class software to our customers. We also went live with a new ERP system (Netsuite), new marketing and sales system (SalesForce) and new tools for our support processes (ServiceNow). The focus in 2021 will be to roll this out to all other business units. We have invested heavily in ensuring that we have the best processes and tools to support common ways of working across our business units. The new processes bring together EG's experience from over 40 years in the vertical software industry with the latest best practices.

The COVID-19 pandemic also forced us to take fast and decisive actions in order to keep serving our customers and safeguarding our employees at the same time. We have monitored the situation daily and followed the recommendations from central government, including working from home. The experience from this has been used to form a revised policy for working from home, EG Working Remotely, allowing employees to work from home if it's best for our customers, EG and the team. In 2020, EG also reconfirmed our commitment to the Ten Principles of the UN Global Compact and the 17 UN Sustainable Development Goals, and we made good progress in our ESG initiatives. For example, all Danish locations are now powered by wind, we have developed and implemented a Diversity and Non-Discrimination Policy covering all EG employees, and we have adjusted our standard data processing agreements in line with the revised standards of the Danish Data Protection Agency.

In conclusion, 2020 was the year we confirmed the resilience of our business model and made great progress in our strategic objectives which focus on building market leadership positions and best in class software capabilities.

Mikkel Bardram
CEO, EG A/S

CEO Mikkel Bardram

The new processes combine EG's experience from over 40 years in the vertical software industry with the latest best practices.

Merger & Acquisitions

Acquisition is part of our DNA

At EG, we want to enable our customers to become industry leaders by building and scaling market-leading vertical software. Pursuing this ambition, EG acquired eight companies or products in 2020. Both the customers, the acquired companies and EG have benefitted from this:

"Today vertical software companies face higher customer expectations, an endless flow of new technologies they need to include in their solutions and even higher regulatory requirements including GDPR. EG has an operating model which enable vertical software companies to keep up with these developments and to win in the market. Our M&A strategy is focused on acquiring the right companies and on lifting the competence in the acquired companies to a new level as quickly as possible" explains Mikkel Bardram.

We look for the top companies

Acquisitions are not a new business for EG. It is an integral part of our DNA, says Head of Mergers and Acquisitions in EG, Christian Bonde Jacobsen.

"When we scout for new companies to join the EG family we look for companies at the top of their industry, sharing our values, possessing deep industry knowledge and understanding of their customers with solutions that fit into our own industry-specific portfolio," says Christian Bonde Jacobsen.

Stengthening and growing

"From a more industry-specific point of view, we invest in companies that will strengthen our position in the industry and provide the critical mass that allows the requisite investments to become the preferred industry supplier, as we have done in our Construction and Healthcare business units for example. We do – however – also invest in new industries, such as EdTech, when we see the potential to consolidate the market and innovate the existing platforms like LUDUS Suite, which will enable educational institutions to be more efficient and grow their business," says Christian Bonde Jacobsen.

Head of Mergers and Acquisitions in EG, Christian Bonde Jacobsen

Acquisitions in 2020	Industry
Holte AS	Contech
Sigma Estimates A/S	Contech
Hano AS	Health & Beauty
A-Data A/S	Health & Beauty
Altiplan Aps	Public
Prosedo Aps	Housing
Capto A/S	Legaltech
LUDUS Suite	EdTech

Merger & Acquisitions

Eight acquisitions in 2020

- 2020 March — **Holte AS**, EG Construction
- 2020 May — **Hano AS**, EG Healthcare
- 2020 July — **A-Data A/S**, EG Healthcare
- 2020 August — **Altiplan Aps**, EG Public
- 2020 October — **Sigma Estimates A/S**, EG Construction
- 2020 October — **LUDUS Suite**, EG EdTech
- 2020 November — **Capto A/S**, EG Legal
- 2020 November — **Prosedo Aps**, EG Housing

HOLTE AS

EG and Holte are a perfect match and our existing collaboration already shows good cultural fit.

Merger & Acquisitions

Building Scandinavia with intelligent software

The construction industry in Scandinavia is moving fast toward focusing on digitization, cost reduction and sustainability. And EG is scaling up with the industry.

One of our strategic acquisitions in 2020 was the Norwegian software company, Holte AS with more than 9,500 construction customers in Norway and Poland with 60,000 users.

Leading within Contech

In Norway, Holte is one of the market leaders within Contech, software that assist construction companies to manage all steps of a construction process from project calculation to complete documentation and follow up.

Combining the strength

"EG and Holte are both experts within the construction industry and offer a broad set of modules in an integrated software platform. We transform complex processes into simple intuitive solutions for our customers".

By combining the strengths of EG and Holte we have created a true Scandinavian champion within software solutions for the entire construction sector, says EVP Erik Tomren, EG Private.

A perfect match

The acquisition is part of EG's ambitious strategy to digitize the construction industry in Scandinavia focusing on resource savings and sustainability, and for Holte's VP, construction, Aleksander Bjaaland who continued in EG as Manager in EG Construction, EG is the perfect owner going forward:

"EG and Holte are a perfect match and our existing collaboration already shows good cultural fit. We share the same focus on long-term customer relationships and high customer satisfaction".

EG Construction is now serving more than 13,000 customers by our 200 dedicated and competent employees.

Customer case

EG Xellent is trusted by the Utility industry

EG has made progress in 2020, not least due to several new contracts, such as the agreement with Danish Energinet.

Energinet is an independent public sector company under the Danish Ministry of Climate, Energy and Utilities. The company owns and develops electricity and gas grids in Denmark in order to integrate more renewable energy, maintain security of supply and ensure equal market access to the grids.

Billing system for Energinet

Following a mini tender held under the SKI framework agreement 02.19, Energinet has chosen to commission EG with supplying the electricity supplier with a billing system. EG will supply Energinet with EG Xellent, which will handle the billing of electricity from e.g. wind farms and solar panels, which supply electricity to the Danish transmission network.

60,000 Swedish gas-customers

EG has also had success in Sweden. Stockholm's gas suppliers, Stockholm Gas AB and Gasnätet Stockholm AB, with some 60,000 customers choose in 2020 to enter into an agreement and partnership with EG. The agreement covers a total service delivery within invoicing, contract management, measurement value management and market communication in the Swedish gas market.

Winning with EG Xellent D365

The service is delivered through the billing system EG Xellent, which is based on Microsoft Dynamics 365. EG Xellent D365 is a multi-utility solution that supports all utilities such as gas, electricity, heating, fibre etc. for the Nordic gas and energy market. "The wins demonstrate that, as a market leader within billing systems to the utility industry, we can bid for, and win, major and important contracts," says EVP, Johnny Iversen, EG Public.

CASE: HEALTHCARE SECTOR

»

It requires scale to keep up with the latest innovations while at the same time guaranteeing the integrity of the systems.

EG and A-Data

Customer case

An even stronger position in the primary healthcare sector

Improving patient experience

EG has been serving the primary healthcare sector in Denmark for the last 30 years and has a mix of general practitioners and specialist clinics using our software as an integrated part of their daily work. The software has been developed in close collaboration with the users and has been refined based on deep insight into the customers' requirements and the healthcare sector. Over the years we have helped the Danish primary healthcare sector to streamline and digitize their practice, minimize time spent on administration and thereby improve the patient experience. The aim is to ensure that patients have a seamless journey through the Danish healthcare system.

World class vertical software

EG's goal is to be the most professional and competent partner for the primary healthcare sector and, through dialogue with doctors and the rest of the industry, we develop and support the digitization of the sector. EG want to make sure that our customers have access to world class vertical software and the acquisition of A-Data is a great step towards the achievement of this goal. It requires scale to keep up with the latest innovations while at the same time guaranteeing the integrity of the systems.

A-Data is a long-term competent colleague in the business and is a great fit. The acquisition grows EG's presence in the market. A-Data's in-depth industry knowledge fits EG's strategy and we have gained even more competencies to develop the best software solutions.

The Board

Petri Oksanen
Chairman of the board

Deep Shah
Vice-chairman

Quentin Lathuille
Board member

Carsten Knudsen
Board member, independent

Jane Wiis
Board member, independent

Tom Kilroy
Board member

Mike Barry
Board member

Poul Rabjerg
Employee representative

Brian G. Frandsen
Employee representative

Stein Rustad
Employee representative

Executive Board

Mikkel Bardram
CEO

Henrik Hansen
CFO

The Divisional Managers

Jesper Andersen
EVP - EG Private

Erik Tomren
EVP - EG Private

Johnny Iversen
EVP - EG Public

Management Review

EG A/S at a glance

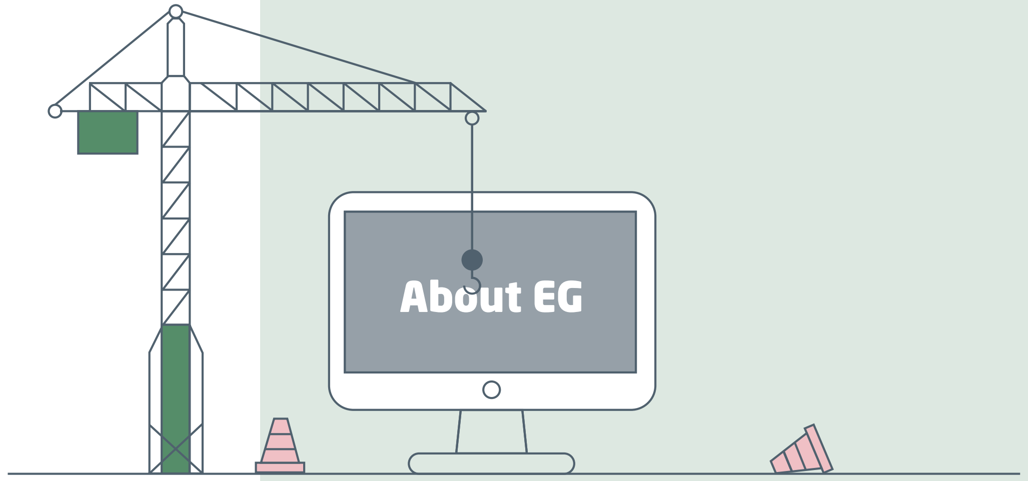
EG delivers vertical software embedded with highly specialized knowledge and developed based on a deep understanding of a profession and industry

Who we are
EG is one of the leading vendors in the Nordic vertical software market. EG was founded in Denmark in 1977 and today has more than 1,400 employees and 21,000 customers across more than 20 markets in the Nordic region.

EG's vision and strategy
EG's vision is to enable its customers to become industry leaders. EG does this by building market leading software that supports its customers in each of the various market segments with software that addresses customers' need for efficient and industry-specific solutions. The EG strategy has two key focus areas. Firstly, a focus on business growth through organic and inorganic growth initiatives. Over the years, EG has demonstrated its ability to strengthen its market positions both through its domain knowledge and product development capabilities as well as through strategic and complementary acquisitions. So far, EG has successfully acquired and integrated more than 30 vertically focused software businesses.

Secondly, EG's strategy is also focused on using a common operating model. The objective with the common operating model is to leverage and install best practice across all processes of developing and deploying software as well as increasing efficiency across our business units through shared services – to the benefit of EG's customers.

EG's markets & products
EG serves both private and public sector market segments with industry specific, mission-critical software solutions, typically built over a long period of time and leveraging significant domain and industry knowledge that resides within EG. As part of EG's strategy to deliver modern products, our software is continuously maintained and developed with up to date technology roadmaps to suit customers' needs. As such, the focus is on delivering SaaS through private or public Clouds.



Software
EG is one of the leading **vertical** software companies in Scandinavia

1977
EG was **founded** in Herning in 1977

21,000
EG has more than 21,000 **customers**

1,400
EG has at year-end around 1,400 **employees**

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Markets in the Nordic region

SaaS
EG develop and sell cloud solutions in the form of **Software** as a Service (SaaS)

Financial highlights and ratios

In 2020 a reverse merger of the Holding companies, Camelot Bidco Aps, AX IV EG Inv 1 ApS, AX IV EG, Holding ApS and AX IV EG Holding III ApS was performed. All companies were merged with EG A/S with EG A/S being the surviving entity.

The merger impacted the 2020 consolidated profit or loss, other comprehensive income and the consolidated balance sheet. Refer to equity statement, note 1 significant changes in the current reporting period and subsequent events, note 6 finance income and costs and note 26 basis for preparation.

DKK million	2020	2019	2018	2017	2016
Income statement					
Revenue	1,439	1,254	1,221	1,900	2,043
Adjusted EBITDA*	**438**	**365**	**306**	**254**	**302**
EBITDA******	**415**	**350**	**306**	**254**	**302**
Net financials	(246)	(37)	(77)	(64)	(48)
Adjusted Profit for the year**	**27**	**133**			
Profit for the year from continuing operations	**(247)**	**(16)**	**(25)**	**(214)**	**(233)**
Profit for the year	**(237)**	**(53)**	**(141)**	**(214)**	**(233)**

DKK million	2020	2019	2018	2017	2016
Profit for the year from continuing operations	(247)	(16)			
Acquisition related amortisations	189	82			
Tax effect related amortisation	(45)	(18)			
Share based payments	23	15			
Special items	107	70			
Adjusted profit for the year	**27**	**133**			

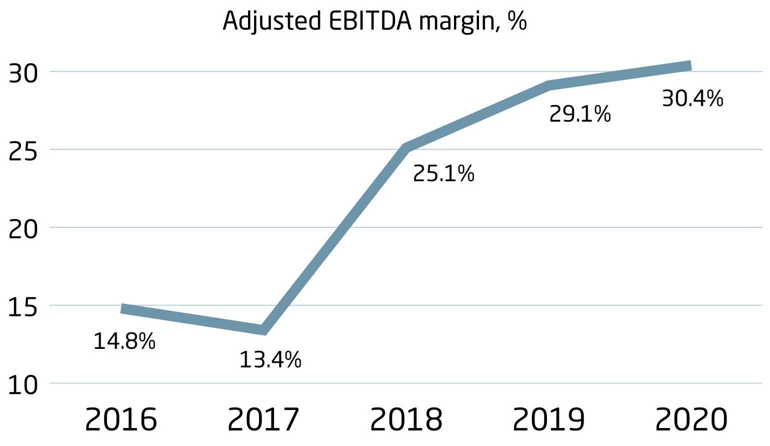
DKK million	2020	2019	2018	2017	2016
Balance sheet					
Total assets	5,906	2,172	1,968	2,054	1,982
Equity	3,824	247	113	261	512
Cash flow					
Free cash flow	264	140	138	54	20
Adjusted free cash flow***	371	210	179	54	20
Investments					
Property, plant and equipment	42	8	8	15	27
Financial ratios					
Revenue growth	14.8%	2.7%	(35.7)%	(7.0)%	11.0%
Adjusted EBITDA growth	20.0%	19.3%	20.5%	(15.9)%	45.9%
Adjusted EBITDA margin	30.4%	29.1%	25.1%	13.4%	14.8%
EBITDA margin	28.8%	27.9%	25.1%	13.4%	14.8%
Equity ratio	64.7%	11.4%	5.7%	12.7%	25.8%
Average number of employees	1,301	1,206	1,027	1,821	1,856

Note: 2018-2020 are based on continuing operations. Comparative figures for 2016 have not been restated
Note: 2016-2018 revenue have not been restated with discontinued operations in 2020
* Adjusted EBITDA: EBITDA before share based payments. Adjusted EBITDA does not include adjustment for share based payments for the years 2016-2018.
** Adjusted Profit for the year: Profit for the year from continuing operations before acquisition-related depreciation/amortisation and impairment losses, share based payments and special items.
*** Adjusted free cash flow: Free cash flow excluding special items.
**** For the years 2016-2017 special items was defined differently and by best means normalised EBITDA has been used for comparison reasons. Normalised EBITDA has not been subject to audit.

Financial review

Our financial performance has continued to improve following our revised strategy to solely focus on own developed subscription-based software solutions for our various verticals and the effects from our transformation activities that are starting to materialise. Revenue grew by 14.8% and Adjusted EBITDA increased by 20.0%.

Adjusted EBITDA margin was 30.4% vs. 29.1% in 2019 and has now increased by 5.3 percentage points since 2018 which was the starting point after the divestments of EG services and since we started the transformation activities with our new ownership.



We continue to drive the transformation process forward and invest in EG's new common operating model to effectively provide scale and efficiency and to promote best practices across all markets. As part of the transformation we are investing in a new IT platform to the benefit for all EG business units. In 2020 we invested DKK 93 million of which DKK 44 million has been capitalised and DKK 49 million expensed under Special items. The largest part of the investment in our new operating model will be finalised by the end of 2021.

We are continuously working to simplify the group structure to create synergies and improve efficiency within the administrative functions. In 2020 a reverse merger of the wholly owned Holding companies, Camelot Bidco Aps, AX IV EG Inv 1 ApS, AX IV EG Holding ApS and AX IV EG Holding III ApS was merged with EG A/S with EG A/S being the surviving entity

The external debt was throughout 2020 placed in Camelot Bidco Aps. Consequently, the interest costs are included in the 2020 accounts for EG A/S due to the merger. End of 2020 the debt was transferred to Midco ApS which will result in lower interest costs in 2021 for EG A/S.

Furthermore, the subsidiaries of Altiplan ApS and Silkeborg Data A/S were merged with Silkeborg Data A/S being the surviving entity.

Revenue

Revenue grew by 14.8% to DKK 1,439 million driven by full year effects from acquisitions in 2019 and new acquisitions in 2020. The COVID-19 situation has impacted our total revenues. At the same time, we benefitted from the robustness and diversification of our recurring revenue base, which grew organically by 1.9% in 2020 on a pro-forma basis, despite COVID-19.

Our activities are affected by changes in exchange rates, as large parts of our revenue are invoiced in foreign currency, primarily from Norway and Sweden. In 2020 revenue is affected negatively by DKK 30 million due to exchange rate fluctuations in NOK and SEK.

Earnings performance, EBITDA and adjusted EBITDA

The Group's reported EBITDA was DKK 415 million and adjusted EBITDA was DKK 438 million representing an increase of 20.0% vs. 2019. Despite the COVID-19 situation we managed to further improve the adjusted EBITDA margin from 29.1% in 2019 to 30.4% in 2020. The positive margin development is driven by the continuous improvement and expansion in our recurring business constituting the largest part of our revenues.

In 2020 EBITDA is affected negatively by DKK 11 million due to exchange rate fluctuations in NOK and SEK.

Profit for the year

Consolidated profit for the year amounted to negative DKK 237 million. The result is impacted by financial costs, amortisations on acquisitions and special items.

Adjusted profit for the year amounted to DKK 27 million which is excluding amortisations from acquisitions, share based payments and special items. Special items amounted to DKK 107 million and included external costs related to acquisitions and non-recurring costs arising from the ongoing transformation. We are investing in the transformation of EG which is related to internal restructuring activities and also the investment in our new operating model.

Cash flows

Free cash flows were DKK 264 million. Adjusted free cash flows amounted to DKK 371 million and is excluding special items.

Cash flows from operating activities amounted to DKK 462 million, comprising cash flows from operating activities before net interest paid in the amount of DKK 288 million. Interest payments in 2020 was higher than normal as the debt in 2020 was placed in EG A/S and an interest payment related to 2019 occurred in 2020.

Cash flows from investing activities totaled an outflow of DKK 965 million. Investments are from eight acquisitions in 2020 amounting to DKK 770 million. Other investments cover the investment in our new IT platform and our research and development activity.

Investments in intangible assets were DKK 153 million. The Group's investments in intangible assets cover the implementation of our new IT platform including new ERP, marketing, sales, support, master data and product management systems for all EG business units across the group.

Cash flows from financing activities totaled an inflow of DKK 538 million. The inflow related to group contributions from our owners and debt proceeds. Total cash flows were an outflow of DKK 31 million.

Total financial performance for the year

The financial results for 2020 are characterised by earnings growth driven by acquisitions combined with the various financial effects from the transformation of EG. We are investing in the expansion of our recurring business in our markets through organic and acquisitive growth and a new operating model for EG designed to support further profitable growth. We are committed to continue with this investment as we see the underlying effects materialize in improved earnings and margins.

Management is satisfied with the result in 2020.

Outlook

We have positive expectations for 2021 and foresee a year of continued growth, increased productivity and with an expectation to either maintain or slightly improve the current adjusted EBITDA margin level of approximately 30.0%.

For 2021, management expect an increase in revenue for the Group of 10-15% before new acquisitions in 2021. However, due to COVID-19 the outlook for 2021 is uncertain with regards to the operations, revenue and earnings development.

Since we are progressing with our transformation activities according to the plan, management expects underlying activities to constitute a solid foundation for improved financial results in 2021. We are planning with a central operating model and sufficient resources that can absorb further expansion and growth.

Furthermore, focus will be on ensuring that sufficient cash resources are maintained and available to support both the daily operations and further growth. This will be supported by the current results of operating activities and continued disciplined cost and working capital management. Management has estimated the cash flow development for 2021 and considers the current cash resources to be appropriate to support our strategic objectives.

We continue to monitor the COVID-19 development closely and are prepared to implement the relevant measures to limit effects on revenues and earnings.

The pandemic is still ongoing, and it is not possible to foresee the full extent of the future duration and government measures that vary from country to country. We have performed scenario testing and evaluated the COVID-19 impact on the EG financials to be manageable if the current situation continues. The conclusion from our analysis is that the Group will have sufficient liquidity to support the various scenarios. We assess that COVID-19 does not cause going concern challenges in 2021.

Events after the reporting date

No other significant events have occurred after the end of the financial year that affect the 2020 financial statements.

As of 14 March 2021, The Group has sold the subsidiary IT Minds ApS. Refer to note 19 discontinued operations.

Business Combinations

The acquisitions of FrontAvenue A/S and EasyUpdate AS were completed by EG A/S on 31 March 2021. These acquisitions have strengthened EG Group's offerings in our existing vertical markets. Both companies fit into what we do in EG – delivering market leading software based on a deep understanding of our customers.

Corporate governance

The organisation of management's duties is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act, the Company's articles of association and good practice from comparable businesses. In addition, the Group's management team is highly focused on corporate governance, ensuring that the Company, internally and externally, is governed according to reasonable time principles and applicable legislation, thereby safeguarding the interests of all stakeholders.

The Company's owners, Francisco Partners, are represented in the Group holding companies either as part of the Executive Board or on the Board of Directors. In this way, Francisco Partners governs the entire EG A/S Group through its work performed in management representation and membership of relevant committees within the Group.

The Executive Board of Camelot Holdco ApS has appointed a Board of Directors for EG A/S, which governs the EG A/S Group.

Board of Directors

EG A/S' Board of Directors consists of ten members in total. Five of its representatives were appointed by the principal shareholder, two are independent and three were elected by the employees of the Company.

The Company's owners, Francisco Partners, are represented on the Board of Directors by Petri Oksanen (Partner), Deep Shah (Co-President), Quentin Lathuille (Vice President), Mike Barry (Senior Operating Partner) and Tom Kilroy (CEO Keyloop).

EG A/S' Board of Directors holds four to six board meetings each year. It lays down the Company's strategy and acts as a proactive sounding board for the Company's management team.

The work of EG A/S' Board of Directors is governed by rules of procedure, and board committees are created for the discharging of special duties. Accordingly, the EG A/S Group has set up an Audit and Risk Committee, a Remuneration Committee and a Mergers & Acquisition Committee.

Gender composition of management

As of 31 December 2020, women accounted for 36% of the total number of employees in the EG Group. This is well above the general IT industry benchmark of 26%. The benchmark is calculated as an average of female employees in the IT industry across the four countries where EG operates. EG is consequently outperforming the general IT industry when it comes to gender diversity.

EG aims to promote diversity, including achieving a reasonable representation of women on the Board of Directors within Group entities as well as among Group senior managers, based on a desire to strengthen the Group's versatility, bring together competencies and create better decision-making processes.

In 2020, EG welcomed its first female non-employee elected board member, when Jane Wiis was appointed to the board as part of its expansion. With more than twenty years of experience in digitisation of the public market, Jane brings with her deep, valuable knowledge of municipal thinking, focusing on the citizen and customer perspectives as well as unique expertise in the building of IT infrastructure, operations and digitisation of the Danish public sector. As a result, the gender balance is currently one in seven and our target is two in seven.

We aim to promote diversity

EG's corporate management has been strengthened with a Head of Corporate Strategy, Björn Anders Martinsson, extending it from ten to eleven members; nine men and two women. The actual proportion of women in corporate management is currently 18%.

We will ensure full and effective participation and equal opportunities for leadership at all levels for men and women.

In order to reach that goal, EG encourages women to take part in our management training programmes. In 2020, 36% of the participants in EG's Change Management training and 38% of the participants in the Nordic Leadership Training 2020 were women.

In 2020, EG adopted a Diversity and Non-Discrimination Policy, thus bolstering its effort to ensure gender balance at all levels.

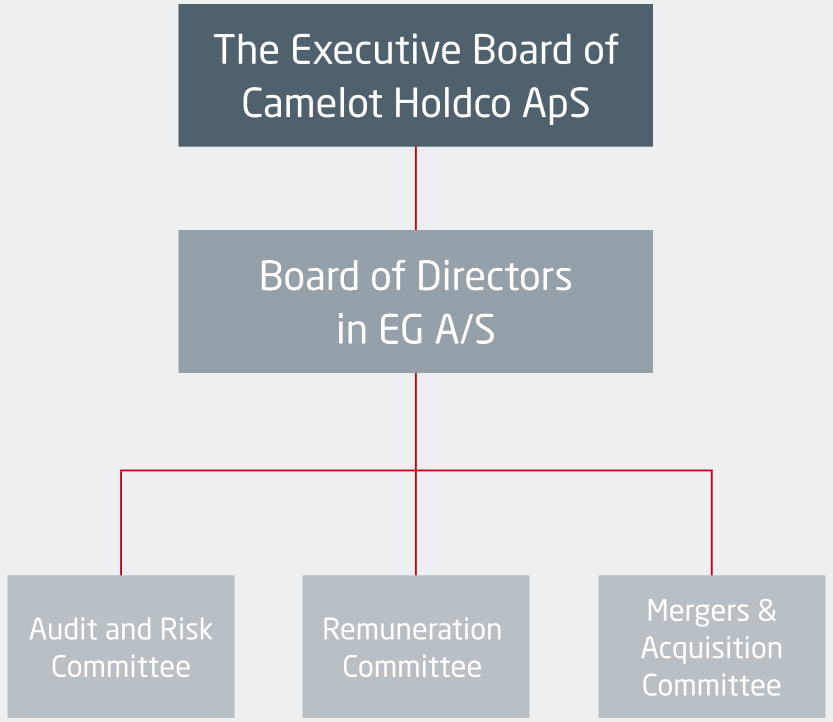
Ownership

EG A/S is wholly owned by Camelot Midco ApS and the ultimate parent company is Lancelot Holdco Ltd.

The Group is financed through a combination of equity and debt financing. Equity consists of one share class, all shares of which are held by Camelot Midco ApS. Debt financing consists of bank loans and the debt is assessed to be adequate relative to the Group's financial flexibility requirements.

EG's governance

The work of the EG A/S Board of Directors is governed by rules of procedure, and board committees are used for the discharging of special duties.



ESG

EG A/S is committed to be a trustworthy, accountable and sustainable company.

EG A/S supports the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption, and we acknowledge and respect the 17 UN Global Goals for Sustainable Development.

From CSR to ESG

We are currently undergoing a journey to develop our CSR into a more wholistic ESG approach where we focus on three issues. With this, we want to ensure our positive impact on our sphere of influence including our customers, investors, employees, suppliers, vendors and partners, as well as the society and communities we work in in general.

We want to be:

- A climate positive software company
- A diverse and unified world class working place
- An honest, trusted and accountable software company

We believe these three steps will lead us towards both sustainability and profitability.
We are currently looking to develop and implement a data driven approach and introduce KPIs to make our strategy and progress measurable and transparent. Thus, we have chosen to follow Nasdaq's guidelines on key figures in our ESG reporting, and our performance in ESG issues will be monitored by an ESG Committee from 2021.

Activities in 2020

In 2020, EG professionalised its effort regarding ESG and particularly focused on 25 actions, following up on their progress on a quarterly basis.

Some of the results of this are that EG is now buying energy from renewable sources for all locations in Denmark, it has implemented a Diversity and Non-Discrimination Policy and launched a GDPR project focusing on implementing new standard data processing agreements based on the template from the Danish Data Protection Agency.

The results of the actions are described in more detail in our report on the UN Global Compact, Communication on Progress 2020.

We have signed up to the UN Global Compact and each year prepare a progress report to account for our corporate social responsibility efforts. The progress report for 2020 constitutes our statutory corporate social responsibility report required under section 99a of the Danish Financial Statements Act and covers the period from October 2019 to December 2020.

» In 2020, EG professionalised its effort regarding ESG and worked actively with 25 actions, following up on the actions and progress on a quarterly basis.

SUSTAINABLE DEVELOPMENT GOALS

THE GLOBAL COMPACT

↗ The CoP report is posted on the website and the latest version can be found here

The report is posted on the website and the latest version can be found at: → **global.eg.dk/about-eg/csr**

Human rights

The Group supports and respects the protection of internationally proclaimed human rights, and we make sure that we are not complicit in violations of human rights.

The Group has assessed the most significant risks in relation to activities pertaining to the Company's business relations, products and services.

The Group sees no significant risk of the Company or its suppliers having violated UN Global Compact principles 1-2.

Labour rights

The Group supports and respects the protection of internationally proclaimed labour rights, and we make sure that we are not complicit in violations of labour rights.

The Group has assessed the most significant risks in relation to activities pertaining to the Company's business relations, products and services.

The Group sees no significant risk or indications of the Company or its suppliers having violated UN Global Compact principles 3-6.

Environmental protection

The Group supports a proactive approach to environmental challenges and undertakes initiatives to promote greater environmental responsibility. Also, we encourage the development and diffusion of environmentally friendly technologies.

The Group has assessed the most significant risks in activities pertaining to the Company's business relations, products and services.

The Group sees no significant risk or indications of the Company or its suppliers having violated UN Global Compact principles 7-9.

Anti-corruption

We support the work against corruption in all its forms, including extortion and bribery.

The Group has assessed the most significant risks in relation to activities pertaining to the Company's business relations, products and services.

We see no significant risk or signs or indications of the Group or its suppliers having violated UN Global Compact principle 10.

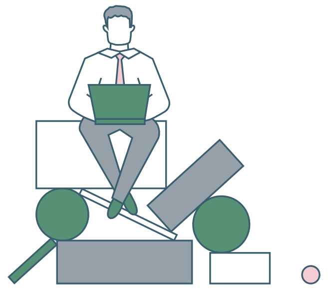
Risk management and reporting

Our focus on selected markets and industries with in-depth knowledge of the work processes and special customer conditions provides us with good insight into the risk environment and enables us to mitigate risks.

Reference is made to the other sections of the Management Report for an outline of EG's business model and risk assessment.

Consideration for the environment and climate forms an integral part of our way of doing business, and we expect the same of our suppliers.

Risk management



A key factor in achieving the Group's objectives and strategy is the ongoing efforts to identify risk factors and mitigating action. Implementation of the adopted strategy, the ongoing activities and exploitation of business opportunities expose the Company to risks, and the Company's handling of such risks is therefore considered a natural and integral part of the day-to-day work and a way of ensuring stable and reliable growth.

The following sections do not provide an exhaustive description of all risks associated with the activities of the Group. The risk factors are described in random order. For financial risk refer to note 22.

Risk management and internal control procedures

The Group's risk management and internal control procedures in connection with financial reporting were established to ensure that financial reporting gives a fair presentation without material misstatements and in accordance with current legislation, standards, other regulations and the Company's standard processes.

The Group has defined a process in which the strength of major key controls is evaluated and reported to the audit committee, providing enhanced transparency and consistency in the internal control environment. In a few entities, not all key controls have been implemented as those entities have not yet adopted the Group's standard processes. Compensatory controls have been established or are in the process of being established to the extent possible.

People and talent risks

A prerequisite for continuing growth is ongoing development of new solutions that require appropriate professional skills. In the IT industry, competition with respect to attracting the right skills and a lack of qualified applicants represent a risk factor. In order to attract and retain employees, EG remains focused on employee well-being and satisfaction, which is supported by regular performance interviews and a quarterly employee survey.

The Group's single largest expense category is salaries. As the majority of the staff are salaried employees, reducing the bulk of the Group's expenses is not possible in the near term. The Group's seeks to mitigate this uncertainty by transforming a greater share of the Group's income into fixed contracts with commitment periods and notice of termination.

Commercial risks

The ability to provide quality solutions and adhere to delivery deadlines are key parameters for the Group. The Group has a large share of public-sector customers, and given the general attention to public-sector IT solutions, non-compliance in terms of quality and deadlines is a special risk factor. A priority area is project risk factors and how best to mitigate these risks for entities within the Group and for our customers. The risk factors are evaluated during the sales phase when the project is signed off for handover and in relation to milestones for monitoring project progress.

IT risk

The Group makes extensive use of IT tools and is vulnerable to business disruptions and security breaches. The Group constantly seeks to improve its IT security to ensure that a high level of security is maintained at all times.

GDPR legislation represents a potential risk if the Group fails to meet all of its requirements, which could lead to fines and have an adverse impact on our image. To mitigate this risk, we established a GDPR function and extensively informed and trained our employees over the course of the year.

In 2020 we initiated a compliance project, adjusting our standard data processing agreements to the revised standards of the Danish Data Protection Agency. More than 21,000 customers will have their data processing agreements renewed as part of this project, ensuring that we have data processing agreements according to marked standards.

Insurance risk

The Group has taken out mandatory insurance policies and any insurance considered relevant. The insurance policies are reviewed regularly with an insurance broker to ensure adequate coverage on commercially favourable terms.

Investments and acquisitions

In accordance with its strategy, the Group regularly assesses potential acquisitions and new software investments. Major acquisitions and investments in software development involve a number of risks related to the investment process and the subsequent integration into the organisation. Such risks are assessed and mitigated by applying in-house professional skills and external advisers.

Other risks

Unforeseen risks such as natural disasters, pandemics and other force majeure events are difficult to cover as the nature of the risk varies. The Group can mitigate such risks once they occur and can quickly adapt to the new situation as employees from day to day can work from other locations.

Management's statement

The Executive Board and Board of Directors has today considered and adopted the Annual Report of EG A/S for the financial period 1 January - 31 December 2020.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2020.

In our opinion, the Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Ballerup, 13 April 2021
Executive Board

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Mikkel Bardram (CEO)

DocuSigned by:
Henrik Hansen
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Henrik Hansen (CFO)

Board of directors

DocuSigned by:
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Petri Oksanen, Chairmen

DocuSigned by:
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Deep Shah, Vice Chairman)

DocuSigned by:
Michael William Barry
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Michael William Barry

DocuSigned by:
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Thomas Edward Kilroy

DocuSigned by:
Carsten Knudsen
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Carsten Nygaard Knudsen

DocuSigned by:
Quentin Lathuille
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Jane Wiis

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Stein Morten Rustad

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Poul Ejner Rabjerg

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Brian G. Frandsen
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Brian Grønhøj Barup Frandsen

Independent auditor's report

To the Shareholders of EG A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of EG Group for the financial year 1 January – 31 December 2020, which comprise statement of profit or loss and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement- and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ballerup, 13 April 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

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Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

DKK million	Note	2020	2019
Revenue	3	**1,439**	**1,254**
External costs		243	233
Staff costs	4	619	546
Other operating expenses		178	174
Other operating income		16	49
EBITDA		**415**	**350**
Depreciation, amortisation and impairment		136	183
Acquisition related amortisations		189	82
Special items	5	107	70
EBIT		**(17)**	**15**
Finance income	6	1	0
Finance costs	6	247	37
Profit before tax		**(263)**	**(22)**
Income Tax	7	16	6
Profit from continuing operations		**(247)**	**(16)**
Profit for the year from discontinued operations	19	10	(37)
Profit for the year		**(237)**	**(53)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign subsidiaries		(13)	1
Other comprehensive income		**(13)**	**1**
Total comprehensive income for the year, net of tax		**(250)**	**(52)**

Consolidated balance sheet

DKK million	Note	2020	2019
ASSETS			
Intangible assets	8	5,254	1,454
Property, plant and equipment	9	25	21
Right-of-use assets	9	125	160
Deferred tax	7	5	0
Non-current assets		**5,409**	**1,635**
Inventory		5	4
Trade receivables and other receivables	10	232	298
Contract assets	3	28	48
Prepayments		32	46
Income tax receivable		5	0
Cash and cash equivalents	12	135	141
Assets held for sale	19	60	0
Current assets		**497**	**537**
Total assets		**5,906**	**2,172**
EQUITY AND LIABILITIES			
Share capital	11	71	71
Translation reserve		(15)	(2)
Retained earnings		3,468	178
Proposed dividends		300	0
Total equity		**3,824**	**247**
Deferred tax liabilities	7	424	165
Borrowings	12	677	345
Lease liabilities	12	112	128
Non-current liabilities		**1,213**	**638**
Lease liabilities	12	27	43
Contract liabilities	3	24	30
Trade and other payables		118	84
Payables to group companies		147	698
Income tax		5	27
Other liabilities	13	395	314
Deferred income	14	133	91
Liabilities relating to assets held for sale	19	20	0
Current liabilities		**869**	**1,287**
Equity and liabilities		**5,906**	**2,172**

Consolidated statement of changes in equity

DKK million	Share capital	Translation reserve	Retained earnings	Proposed dividends	Total
Equity at 1 January 2020	**71**	**(2)**	**178**	**0**	**247**
Transfers from merger	0	0	1,175	0	1,175
Adjustment to transfer from merger	0	0	(172)	0	(172)
Total comprehensive income for the year	0	(13)	(611)	374	(250)
Other adjustments	0	0	8	0	8
Paid dividend	0	0	0	(74)	(74)
Group contribution	0	0	2,868	0	2,868
Share based payment	0	0	23	0	23
Equity at 31 December 2020	**71**	**(15)**	**3,468**	**300**	**3,824**
Equity at 1 January 2019	**71**	**(2)**	**44**	**0**	**113**
Total comprehensive income for the year	0	1	(53)	0	(52)
Cash payments concerning founding of company	0	0	0	0	0
Capital increase	0	0	172	0	172
Share-based payments	0	0	15	0	15
Other adjustments	0	0	(1)	0	(1)
Equity at 31 December 2019	**71**	**(2)**	**178**	**0**	**247**

§ Accounting policy

The consolidated cash flow statement is presented according to the indirect method and shows the cash flows for the year, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from acquisitions and divestments of businesses are shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired businesses from the date of acquisition and cash flows from divested businesses until the time of divestment.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average monthly exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates. In the latter case, the actual daily exchange rates are used.

The statement of cash flows cannot be derived solely from the published financial information.

Cash flows from operating activities

Cash flows from operating activities are calculated as EBITDA, operating profit or loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of intangible assets, property, plant and equipment and non-current financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of share capital, (purchase and sale of treasury shares), the raising and repayment of long-term debt, interest etc. received and paid and dividends distributed to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash, securities with a term to maturity of less than three months at the time of acquisition which can readily be converted into cash and are only subject to an insignificant risk of value changes as well as amounts owed to financial institutions.

Consolidated statement of cash flows

For the year ended 31 December 2020

DKK million	Note	2020	2019
Cash flow from operating activities			
EBITDA		415	350
Adjustments	16	(70)	(72)
Change in working capital	17	138	(74)
Income tax paid		(21)	2
Cash flow from operating activities, continuing operations		**462**	**206**
Cash flow from operating activities, discontinued operations		**17**	**(3)**
Cash flow from investing activities			
Purchase of intangible assets and property, plant and equipment		(215)	(66)
Sale of property, plant and equipment		20	0
Acquisitions	18	(770)	(472)
Cash flow from investing activities, continuing operations		**(965)**	**(538)**
Cash flow from investing activities, discontinued operations		**0**	**244**
Cash flow from financing activities			
Repayment of non-current borrowings		0	(400)
Proceeds from non-current borrowings		330	345
Interest received		1	2
Interest paid		(289)	(36)
Repayment of lease liabilities		(33)	(39)
Group contributions		500	172
Paid out dividend		(74)	0
Movements in the balance with Parent company		74	201
Dividend from discontinued operations		29	0
Cash flow from financing activities, continuing operations		**538**	**245**
Cash flow from financing activities, discontinued operations	19	**(29)**	**0**
Change in cash flow for the year		23	154
Cash and cash equivalents at 1 January		141	(13)
Effects of exchange rate changes of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December, continuing operations		**135**	**101**
Cash and cash equivalents at 31 December, discontinued operations		**29**	**40**

There has been a non-cash movemnet in financing acitvity amounting to DKK 2,368 million, regarding Group contributions and movement of borrowings.

Notes

Consolidated financial statements

Note 1 – Significant changes in the current reporting period and subsequent events

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

Reverse merger

In 2020 a reverse merger of the Holding companies, Camelot Bidco Aps, AX IV EG Inv 1 ApS, AX IV EG Holding ApS and AX IV EG Holding III ApS with EG A/S was performed, with EG A/S being the surviving entity. Furthermore, the subsidiaries of Altiplan ApS and Silkeborg Data A/S were merged with Silkeborg Data A/S being the surviving entity.

The reverse merger of the Holdings companies has affected the consolidated profit or loss and other comprehensive income negatively with DKK 179 million, mostly regarding interest in borriwings and amortisations. The reverse merger has implied that re-evaluations from Camelot Bidco ApS has been pushed down to EG A/S.

The increase in "Interest in borrowings" is due to the merger of EG A/S and Camelot Bidco ApS, with EG A/S as the surviving entity. The merger took place at 28 December 2020, with effective date as of 1 January 2020. Before the merger Camelot Bidco ApS had borrowings totaling 2.603 millions, with an interest rate at 3-7%.

All borrowings were transferred from Camelot Bidco ApS to Camelot Midco ApS on 23 December 2020. This means that all interest cost accrued from 1 January to 23 December has been recognised in Camelot Bidco ApS, and affected EG A/S through the merger.

Changes in the disclosures due to the reverse merger is represented as a line called either "Transfer from merger" or "Adjustment regarding merger". Changes are made in the equity statement and note 8. Comparative figures for 2019 have not been adjusted.

Subsequent events

No other significant events have occurred after the end of the financial year that affect the 2020 financial statements.

As of 14 March 2021, The Group has sold the subsidiary IT Minds ApS. Refer to note 19 discontinued operations.

Business Combinations

The acquisitions of FrontAvenue A/S and EasyUpdate AS were completed by EG A/S on 31 March 2021. These acquisitions have strengthened EG Group's offerings in our existing vertical markets. Both companies fit into what we do in EG – delivering market leading software based on a deep understanding of our customers.

FrontAvenue A/S and the platform SafetyNet is one of the market leading tools for administration and occupational health and safety. This is a new EG Business area and we see a great potential in SafetyNet. SafetyNet's Customers covers 25% of the total Danish workforce. FrontAvenue A/S is part of our Public Division but will focus on both the public and private markets.

EasyUpdate AS is a Norwegian company that will strengthen our position in the beauty and wellness market. EasyUpdate AS has a strong market position within hairdressers in Norway and they complement our existing presence in the market in Norway and Denmark. EasyUpdate AS comes with both an administration and payments system as well as ledigtime.no, which is an online booking service.

Note 2 – Use of estimates, assumptions and judgements

The preparation of EG A/S consolidated financial statements requires management to make various estimates, assumptions and judgements concerning future events that affect the reported values of assets and liabilities and income and expenses at the reporting date as well as disclosures. While these estimates are based on management's best knowledge of current events and actions, the actual results may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. The areas involving significant estimates or judgements are:

Determining revenue for completion of implementation projects recognised over time

Revenue recognised over time is determined based on estimates and assumptions regarding future costs. Such estimates are subject to uncertainty because management estimates remaining labour hours to complete the project. Management's estimates and assumptions are based on individual assessments of specific projects and regular follow-up on projects for purposes of identifying any deviations from known estimates and assumptions. The results of the individual assessments and regular follow-up are also used to make provisions for losses on projects.

Licence sale of proprietary software and related services – determining performance obligations

EG's proprietary software solutions, which are sold as on-premise licences, comprise configuration and integration services. In management's opinion, these systems are so unique that only EG can perform this work in practice and buying the licence without configuration and integration service will therefore not entail any benefits for the customer. Accordingly, the licence and related configuration and integration services are considered to be a single performance obligation.

Deferred tax

Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. Judgement is based on factors such as historical profits and approved budgets.

Intangible assets

The value of intangible assets depends on future business developments in a number of areas and on circumstances that EG A/S can influence. Areas considered important are the future business structure, economic developments and technological developments.

Note 2 – Use of estimates, assumptions and judgements (continued)

Business combinations

As no active market exists for the assets and liabilities acquired, especially regarding intangible assets, management has estimated the fair value. When the nature of the asset is assessed, the determination of the fair value may be associated with uncertainty and possibly adjusted subsequently. The methods applied are based on the present value of future cash flows (value in use) calculated based on budgets, business plans and client contracts for the next 5-25 years (depending on type of intangible asset) and projections for the following years including management's expectations of subsequently gaining control of the entity in the future.

For the Group, the most significant acquired intangible assets in a business combination comprise goodwill, brands, customers and technology.

Acquired brands and their expected useful life are valued based on their individual market position, expected market development and profitability assessed by management. Brands are measured using the relief from royalty method, which calculates the fair value of an asset based on the hypothetical royalty payments that would be saved by owning the asset rather than licensing it. The expected future cash flows have a budgeted period of 5-12 years.

As with brands, the acquired value of technology is measured using the relief from royalty method and has a budgeted period of 5-12 years for expected future cash flows.

The assessment of the value of acquired customers, which include customer agreements and portfolios, is based on local market and trading conditions. The value is based on a survivor curve to indicate how many of the customers who were present on the acquisition date are expected to be present over a given time frame. Expected future cash flows are budgeted based on the churn rate.

In addition to the above common and individual characteristics for calculating future cash flows, the following key parameters are used as a basis:

- Revenue growth
- EBITDA
- Future capital expenditure
- Growth expectation beyond the budgeted cash flows
- Customer loyalty
- Royalty rate (brands and technology)
- A post-tax discounting factor of weighted average cost of capital (WACC)

Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain that the option to renew or terminate the lease would be exercised or not. The Group considers all relevant factors that create an economic incentive for it to exercise or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

Note 3 – Revenue

§ Accounting policy

Revenue comes from subscription income, sales of licences of the Group's own software and related configuration and installation services, external software and sales of hardware and consultancy services.

Revenue is recognised when control of the goods or the service has transferred, namely when the products or services are delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products or service. Delivery occurs when the customer has access to use the software, the service has been provided to the customer or the hardware has been delivered to the customer's location and accepted.

Revenue is recognised when the customer has access to use the software or the hardware has been delivered and accepted, i.e. at a point in time or when services are provided, or over time. Revenue recognised over time is determined based on the actual labour hours spent relative to the estimated total labour hours. The total number of hours expected to be spent on each project is re-estimated on a regular basis. If the stage of completion declines compared to the latest estimate, revenue is reversed so that revenue for the period always corresponds to the stage of completion at the end of the period.

Subscription income

Subscription income derives from industry software supplied as a Software as a Service (SaaS) solution, maintenance and hotline subscriptions and payroll services. Unspecified future upgrades, maintenance and helpline support are considered as a single performance obligation.

Revenue is recognised over the term of the contract. Payments from customers for work required to commence delivery to the customer under a payroll administration agreement are considered a part of the total payment and are recognised over the period during which the payroll administration services are provided. Costs incurred for such activities are capitalised and amortised on a straight-line basis over the contract term.

The transaction price

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transactions price needs to be allocated. Judgement is applied in determining the amount to which the Group expects to be entitled in exchange for transferring licences, software updates and support to a customer.

The consideration attributable to licence fees in subscription-based agreements is discounted to net present value when the value of the financing element is deemed significant. If the period between licence transfer, software updates, support and payment from the customer is a year or less, no financing component is recognised.

The Group does not enter into sales agreements with a credit term of more than 12 months.

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Sales of proprietary software licences

Sales of proprietary software licences comprise sales of licences as well as configuration and installation services and is accounted for as a single performance obligation. Revenue from contracts primarily concerning configuration and installation services is recognised in the accounting period in which the services are provided, being recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided, because the customer receives and uses the benefits of the services provided simultaneously. If the licence component constitutes the main part of the deliverable, revenue is recognised when the customer has been given access to use the system.

Sales of external software

Revenue derived from external software comprises sales of licences for standard software solutions with added EG functionalities and configuration and installation services. The installation is simple and could be performed by another party. It is therefore accounted for as a separate performance obligation. The transaction price is allocated to each performance obligation based on the stand-alone selling prices.

Revenue from software licences is recognised at the point in time when the customer has access to use the licence and accepted the delivery of hardware. Revenue from configuration and installation services is recognised over time as the services are provided. If the customer's acceptance of functionalities is required, revenue is recognised upon acceptance.

Sales of hardware

Revenue from the sale of hardware is recognised when control has transferred to the customer, being when the goods are delivered and accepted.

Sales of consultancy and development services

Revenue from providing consultancy and development services is recognised as the services are provided, usually on a straight-line basis over the term of the contract.

Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours, due to the fact that risks are transferred over time.

Note 3 – Revenue (continued)

Disaggregation of revenue from contracts with customers
Set out below is the disaggregation of the Group's revenue from contracts with customers. The Group's derives revenue from the following customer types:

DKK million	2020	2019
Private	871	633
Public	564	570
Other	4	51
Total	**1,439**	**1,254**

The Group's contract balances are as follows:

DKK million	2020	2019
Contracts recognised over time	14	31
Costs to fulfil contracts	14	17
Contract assets	**28**	**48**
Prepayments from customers	(8)	(9)
Deferred revenue	(17)	(21)
Contract liabilities	**(24)**	**(30)**

Assets and liabilities related to contracts with customers
Contract assets comprise amortised contract costs and consideration for service performed for which the receipt of consideration is conditional on successful completion of the services. Contract assets mainly relate to revenue earned from ongoing service agreements.

Contract liabilities comprise payments received from at customer before the Group tranfers the related goods or services.

Cost to fulfill a contract
Costs to fulfill a contract are capitalized if all of the following three criteria are met:

- First, the costs relate directly to a contract or a specifically anticipated contract.
- Second, the costs generate or enhance resources of the entity that will be used to satisfy future performance obligations.
- And third, the costs are recoverable.

Costs that relate to satisfied performance obligations are expensed as incurred.

Outstanding performance obligations
Future cashflow is positively affected by a number of multi-year contracts. The outstanding performance obligations resulting from these contracts amounted to DKK 503 million as of 31 December 2020. The average contract performance period is estimated at 4 years, and the maximum remaining term is 10 years.

Management expects that 43% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2020 will be recognised as revenue in 2021. The amount disclosed does not include variable consideration.

As permitted under IFRS 15, the transaction price related to short-term contracts (term of 12 months or less) is not included in the outstanding performance obligation.

Of contract liabilities amounted to DKK 30 million in 2019, DKK 17 million has been recognised as revenue in 2020.

Note 4 – Staff costs and remuneration to the key management personnel

§ Accounting policy

Staff costs consist of salaries, bonuses, pensions and social security costs, share-based payments, holiday pay, and other benefits. Staff costs are recognised in the financial year during which the employees performed the related work.

The Group recognises a liability and an expense for bonuses.

The Group has entered into defined contribution plans with the majority of its employees. Obligations relating to defined contribution plans are recognised in profit or loss over the period in which they are accumulated, and contributions payable are recognised in the balance sheet under other liabilities.

DKK million	2020	2019
Average number of employees	1,301	1,206
Staff costs		
Wages and salaries	576	489
Defined contribution plans	51	39
Performance-based bonus	38	34
Share-based payments	23	15
Other social security costs	29	27
Staff costs before capitalisation	**717**	**604**
Work carried out for own account and capitalised	(98)	(58)
Total	**619**	**546**

Members of the Executive Board and other executives are remunerated through a combination of salaries, performance-based bonus plans, warrants, pensions and non-monetary benefits.

Members of the Executive Board have an extended term of notice of six months and are entitled to severance pay for six months.

Performance-based bonus

Members of the Executive Board and other executives participate in a performance-based bonus programme subject to achievement of certain financial KPIs, i.e. EBITDA and earnings.

Share-based payments

To attract and retain Executive Board members and other executives the Group has an equity-settled incentive programme, cf. note 23 – Share-based payments.

Defined contribution plans

The Group only operates defined contribution pension plans where contributions are paid to private administered pension plans. Once the contribution has been paid, the Group has no further payment obligation.

Non-monetary benefits comprise company car, IT equipment, health insurance, phone and internet.

Key Management Personnel

Members of the Board of Directors and the Executive Board have authority and responsibility for planning, implementing and controlling the Group's activities and constitute the Group's Key Management Personnel.

The members of the Board of Directors are remunerated with an annual fixed fee. The Executive Board has been extended from one to two members.

Remuneration of the Board and the Executive Board

DKK million	2020		2019
	Executive Board	Board of Directors	
Wages and salaries	7	1	5
Defined contribution plans	1	0	0
Share-based payments	7	4	5
Total	**15**	**5**	**10**

Note 5 – Special items

§ Accounting policy

Special items include significant non-recurring items that management does not consider to be part of the Group's ordinary activities. Such items include restructuring costs, basic structural changes, and strategic considerations regarding the future of the business. Special items also include gains and losses on the disposal of companies, as well as external M&A transaction costs and adjustments to purchase prices of acquired companies. Special items are presented separately in the statement of profit or loss and other comprehensive income to provide a more comparable basis for the Company's operations. Management assesses which items are to be identified as special items and shown separately, in order to give a correct presentation of the statement of profit or loss and other comprehensive income.

DKK million	2020	2019
M&A and divestments	30	18
Restructuring	28	50
Transformations	49	1
Total	**107**	**70**

Special items include restructuring costs, which includes basic structural changes, and strategic considerations regarding the future of the business. Special items also include gains and losses on the disposal of companies, as well as external M&A transaction costs and adjustments to purchase prices of acquired companies.

Note 6 – Finance income and costs

DKK million	2020	2019
Interest received from banks	0	0
Exchange rate adjustments	0	0
Other	1	0
Finance income	**1**	**0**
Interest paid to group entities	0	8
Interest on borrowings	211	16
Net foreign exchange gains/losses	19	5
Amortisation of borrowing costs	10	0
Other	8	8
Finance costs	**247**	**37**

Capitalised borrowing costs for the year were DKK 18 million.

Interest of borrowings is affected with DKK 175 million stemming from financial cost related to the debt placed in Camelot Bidco ApS until 23 December 2020. All borrowings were transferred from Camelot Bidco ApS to Camelot Midco ApS on 23 December 2020. This means that all interest cost accrued from 1 January to 23 December has been recognised in Camelot Bidco ApS, and affected EG A/S through the merger.

Note 7 – Income tax

§ Accounting policy

Income tax for the period is the tax payable on the current periods taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred taxis recognised using the liability method on temporary differences arises between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available to utilise those temporary differences and losses.

Current tax payables and receivables are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Group operates and generates taxable income.

DKK million	2020	2019
Current tax on profit for the year	(16)	24
Prior-year adjustment	(1)	1
Adjustment of deferred tax	33	(19)
Tax on profit for the year	**16**	**6**
Effective tax rate for the year (%)		
Income tax rate in Denmark	22%	22%
Difference between Danish and foreign tax rates	0%	2%
	22%	**24%**
Tax deductibility warrants	0%	165%
Other permanent items including limitation of interest deductibility	(16)%	(167)%
Effect of recapture of losses in Sweden	0%	(6)%
Adjustment of tax and deferred tax relating to prior years	0%	11%
Effective tax rate for the year	**6%**	**27%**
Profit before tax	(263)	(22)
Effective tax rate	6%	27%
Tax expense	16	6
Profit after tax	**(247)**	**(16)**
Deferred tax		
Intangible assets	440	184
Property, plant and equipment	16	23
Current assets	7	(5)
Deferred income, liabilities	(7)	(37)
Debt and other liabilities	(36)	0
Tax losses	(1)	0
Deferred tax liabilities	**424**	**165**
Deferred tax asset	**5**	**0**
The year's change in deferred tax may be specified as follows		
Deferred tax for the year recognised in result of continuing operations	(33)	19
Additions from business combinations	86	58
Adjustments prior year	(2)	0
Exchange rate adjustment	(7)	2
Transfer from merger	210	0
Total	**254**	**79**

Tax value of the capitalized tax losses are expected to be realized within the foreseeable future, as the affected subsidiaries expect a sufficient future taxable income. In 2021, DKK 1 million of the deferred tax assets are expected to be utilized.

Note 8 – Intangible assets

§ Accounting policy

Goodwill

On initial recognition, goodwill is measured as described in note 18 "Acquisitions". Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and carried at cost less impairment.

Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose. The groups are identified at the lowest level at which goodwill is monitored for internal management purposes being the operating segments.

Licensing rights

Licensing rights consist of rights to various industry and standard solutions acquired in a business combination and is recognised at fair value at the acquisition date. Licensing rights have finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Development projects

Software costs related to development projects that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible asset where the following criteria are met:

- it is technical feasible to complete the software so that it will be ready for use;
- management intends to complete the software and use or sell it and there is an ability to use or sell it;
- the expenditure attributable to the software during development can be reliably measured; and
- it can be demonstrated how the software will generate probable future positive earnings after amortisation

Capitalised costs mainly include wages and salaries and are included in intangible assets and amortised from the point at which the asset is ready for use.

Costs associated with maintaining and updating products and programmes are recognised as an expense as incurred. Minor development projects and parts hereof that are funded directly or indirectly by customers are also expensed as incurred.

Other intangible assets

Separately acquired other intangible assets, including customer relationships, trademarks are measured at cost.

Other intangible assets acquired in a business combination comprise order books, trademarks and rights, including software and licensing rights, and are recognised at fair value at the acquisition date. Other intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Customer relationships

Customer relationship acquired in a business combination are assessed. The measurement is based on future cash flows from the customer relationships with the most important assumptions being the development in operating profit before amortisation and tax, customer loyalty and theoretically calculated tax and contributions to other assets. Customer relationships are carried at cost less accumulated amortisation and impairment losses.

Amortisation methods and useful life

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Licensing rights	2-12 years
Development projects	2-5 years
Other intangible assets	2-20 years
Customer relationships	7-25 years

Impairment testing

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets with finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Impairment testing is performed for each of the Group's cash-generating units (CGUs). The CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment testing is performed for each of the Group's cash-generating units (CGUs). The CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes being the operating segments.

The value of intangible assets is tested based on the expected performance of the relevant CGU in future years. If the value of a CGU significantly exceeds the carrying amount of the assets, the values are maintained. Alternatively, detailed budgets and business plans for the following years are reviewed, and the value of the CGU is calculated based on the present value of future cash flows.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income under Depreciation, amortisation and impairment. However, impairment of goodwill is recognised on a separate line item.

Note 8 – Intangible assets (continued)

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2020									
Cost									
At 1 January	799	134	581	18	20	519	403	150	2,623
Adjustment to 1 January regarding merger	2,219	41	613	163	0	206	23	0	3,265
New cost at 1 January	**3,020**	**175**	**1,194**	**181**	**20**	**725**	**426**	**150**	**5,891**
Exchange rate adjustment	(22)	(1)	(10)	10	(1)	38	(2)	(11)	1
Acquisitions regarding business combination	493	0	348	24	0	56	19	28	969
Reclassifications	0	0	0	0	0	0	109	(109)	0
Additions	0	0	0	0	4	2	7	140	153
Transfers to assets held for sale	(8)	0	(11)	0	0	0	0	0	(19)
Disposals	(192)	0	(9)	0	(1)	(41)	(107)	(13)	(363)
At 31 December	**3,289**	**174**	**1,513**	**215**	**22**	**781**	**453**	**184**	**6,631**
Amortisation and impairment									
At 1 January	(176)	(134)	(164)	(17)	(19)	(293)	(335)	(31)	(1,168)
Adjustment to 1 January regarding merger	0	(8)	(42)	(19)	0	(16)	(1)	0	(85)
New amortisation and impairment at 1 January	**(176)**	**(142)**	**(206)**	**(36)**	**(19)**	**(308)**	**(336)**	**(31)**	**(1,255)**
Exchange rate adjustment	10	1	1	(11)	1	(47)	9	3	(33)
Reclassifications	0	0	0	0	0	0	0	0	0
Amortisation, continued operations	0	(5)	(91)	(35)	(0)	(84)	(49)	0	(265)
Amortisation, discontinued operations	0	0	(1)	0	0	0	0	0	(1)
Transfers to assets held for sale	0	0	5	0	0	0	0	0	5
Impairment	0	0	0	0	0	0	0	0	0
Disposals	7	0	9	0	1	41	107	6	172
At 31 December	**(159)**	**(146)**	**(283)**	**(82)**	**(17)**	**(398)**	**(269)**	**(21)**	**(1,377)**
Carrying amount at 31 December	**3,130**	**28**	**1,229**	**133**	**5**	**383**	**184**	**163**	**5,254**

Note 8 – Intangible assets (continued)

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2019									
Cost									
At 1 January	647	133	386	19	18	450	354	127	2,133
Reclassification	(84)	1	(1)	(1)	1	7	18	(4)	(63)
Acquisitions regarding business combination	236	0	195	0	0	99	0	0	530
Additions	0	0	0	0	1	0	0	58	59
Transfers	0	0	0	0	0	0	31	(31)	0
Disposals	0	0	0	0	0	(37)	0	0	(37)
At 31 December	**799**	**134**	**581**	**18**	**20**	**519**	**403**	**150**	**2,623**
Amortisation and impairment									
At 1 January	(253)	(133)	(126)	(17)	(18)	(258)	(260)	3	(1,067)
Reclassification	84	0	0	1	(1)	5	(24)	0	67
Amortisation	0	(1)	(39)	(1)	0	(57)	(51)	0	(148)
Impairment	(8)	0	0	0	0	(26)	0	(28)	(62)
Disposals	0	0	1	0	0	42	0	0	43
At 31 December	**(176)**	**(134)**	**(164)**	**(17)**	**(19)**	**(293)**	**(335)**	**(31)**	**(1,168)**
Carrying amount at 31 December	**623**	**0**	**417**	**1**	**1**	**226**	**69**	**119**	**1,454**

Note 8 – Intangible assets (continued)

In 2020, the impairment tests of intangible assets with indefinite useful life were prepared on 31 October 2020. The impairment test performed showed that the value of CGU's significantly exceeds the carrying amount of the assets, and therefore the values are maintained.

Acquisitions performed after 31 October 2020 are performance-evaluated by comparison to business cases and this has shown no impairment requirement.

In 2019, as a result of reduced revenue and earnings, intangibles related to goodwill, other intangibles and licensing rights concerning the Notaplan activity within the EG Private division were impaired.

A part of development projects in progress in Silkeborg Data within the EG Public division was also impaired in 2019. The development project was evaluated during 2019 and due to adjustments of the platform some capitalised developments from years before 2019, were impaired.

Goodwill
The Group has the following cash-generating units:

- **EG Software Private**
  This Private division sells standardised systems and implements proprietary vertical software systems with related financial management and administration systems within a number of sectors.

  The systems are provided as standard solutions requiring no or very little customisation.

  Furthermore, EG software provides business critical IT solutions to large retail chains within the Nordics. The solution portfolio consists of a full omni-channel platform, loyalty solution and administration system for ambitious retail chains.

  Revenue is primarily derived from the sale of subscription services such as SaaS (Software as a Service) services, HaaS (Hardware as a Service), Hardware sales and hotline and support agreements and is primarily based on the Group's proprietary systems. Sales of consultancy services in connection with implementation projects and related software and hardware sales also contribute to revenue.

  The main operating assumptions applied in determining expected cash flows are the number of subscriptions and, to a lesser extent, the number of hours sold relative to the total number of hours available.

- **EG Software Public**
  This business unit sells various systems and services primarily for the public and utility sectors.

  Revenue is primarily derived from the sale of subscription services such as SaaS (Software as a Service) services and hotline and support agreements and is primarily based on the Group's proprietary systems.

  The main operating assumption applied in determining the cash flows is the number of subscriptions.

The impairment test is based on a Discounted Cash Flow (DCF) model incorporating the latest realised annual results (as a basis of comparison) and an estimate for the next five years. The estimate incorporates a 12-month budget period and management's long-term strategy model for the next 48 months. For the subsequent terminal period, a growth rate of 3% is applied. The growth rate during the budget period is based on improved capacity utilisation.

	Goodwill		Customer relationships		Licensing rights	
DKK million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Private	2,004	360	1,000	193	225	119
Public	1,092	229	219	211	158	107
Other	34	34	9	13	0	0
Total	**3,130**	**623**	**1,229**	**417**	**383**	**226**

For the calculation of the net present value (NPV), the Group's WACC is applied, which is based on the current borrowing rate and its expected development as well as the return on equity requirement, which is determined based on the risk profile. The rate applied is currently 8.0% after tax. The same WACC is used for both CGUs as the divisions are not significantly different.

The Group's total goodwill is specified by CGUs as shown above.

Development projects
Recognised development projects completed or in progress primarily include the development of the Group's proprietary software solutions, various industry and new IT Platform.

EG currently develops a new payroll platform which has a modular design and once completed it will be delivered to customers within the public segment. The modules can be individually selected and each one solve specific requirements with the EG customer. Booked value of the development is DKK 49 million at year end 2020.

As part of the EG operational transformation a new IT-platform is under development. The purpose of the new IT-platform is to support the operation and future growth of EG. Booked value of the development is DKK 45 million at year end 2020.

Both projects are currently under development and regconised as development projects in progress.

Management has tested recognised development costs for impairment and estimates that the recoverable amount exceeds the carrying amount at 31 December 2020. Cash flows have been estimated based on a 12-month budget period and a projection for the next 48 months.

Other intangible assets
Other intangible assets primarily comprise customer relationships. Management has tested recognised other intangible assets for impairment and estimates that the recoverable amount exceeds the carrying amount at 31 December 2020.

Note 9 – Property, plant and equipment and leases

§ Accounting policy

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised separately, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any component accounted for separately is derecognised when replaced. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the asset and their estimated useful lives and residual values as follows:

Buildings	Up to 10 years
Leasehold improvements	5 years/commitment period
Technical plant, computers, etc.	3-5 years
Tools and equipment, etc.	5 years
Vehicles	5 years

The item Leasehold improvements comprises costs invested in leased premises to customise them for the Group's purposes.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, cf. note 8 – Intangible assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in profit or loss.

Leased assets

Right-of-use and the related lease liability is recognised at the date at which the asset is available for use for the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group is considering incremental borrowing rates for similar assets.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets are measured at cost comprising:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The expected lease term is assessed as the non-cancellable lease term plus periods comprised by an extension option, which management assesses as reasonably certain to be exercised.

Payments associated with short-term leases (12 months or less) and leases of low-value assets are recognised on a straight-line basis in profit or loss. Low-value assets comprise IT equipment and small items of office furniture.

Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated. Consequently, all cash outflows that are reasonably certain to impact the future cash balances are recognised as lease liabilities at initial recognition of lease contracts. The Group reassesses the circumstances leading to not recognising extension or termination options on an ongoing basis.

Note 9 – Property, plant and equipment and leases (continued)

DKK million	Land and buildings	Leasehold Improvements	Plant, machinery, IT equipment	Total
2020				
Cost				
At 1 January	301	20	146	457
Adjustments regarding reclassifications	(4)	0	0	(4)
Acquisitions from business combination	13	0	3	16
Additions	23	0	19	42
Disposals	(35)	(9)	(89)	(132)
Exchange rate adjustments	0	0	0	0
At 31 December	**297**	**11**	**78**	**387**
Depreciation and impairment				
At 1 January	(149)	(16)	(121)	(286)
Adjustments regarding reclassifications	(8)	0	0	(8)
Depreciation	(38)	(2)	(15)	(55)
Disposals	17	8	86	112
Exchange rate adjustments	0	0	0	0
At 31 December	**(177)**	**(9)**	**(51)**	**(238)**
Carrying amount at 31 December	**120**	**2**	**27**	**150**

DKK million	Land and buildings	Leasehold Improvements	Plant, machinery, IT equipment	Total
2019				
Cost				
At 1 January	273	17	133	423
Adjustments regarding reclassifications	(33)	(1)	0	(33)
Acquisitions from business combination	21	1	6	27
Additions	40	0	8	48
Disposals	0	2	0	2
Exchange rate adjustments	0	0	(1)	(1)
At 31 December	**301**	**20**	**146**	**467**
Depreciation and impairment				
At 1 January	(192)	(12)	(113)	(316)
Adjustments regarding reclassifications	79	(1)	7	84
Depreciation	(36)	(3)	(17)	(55)
Disposals	0	0	0	0
Exchange rate adjustments	0	0	0	0
At 31 December	**(149)**	**(16)**	**(121)**	**(286)**
Carrying amount at 31 December	**152**	**4**	**24**	**181**

Note 9 – Property, plant and equipment and leases (continued)

The following amounts related to right-of-use assets are recognised in the balance sheet:

Right-of-use assets (DKK million)	2020	2019
Land and buildings, etc.	119	151
Plant, machinery, IT equipment	6	9
Total	**125**	**160**

Additions to the right-of-use assets in 2020 were DKK 28 million (2019: DKK 41 million).

The carrying amount of the **lease liability** recognised in the balance sheet is disclosed in Note 12 - Borrowings.

The following amounts related to leases are recognised in the statement of profit or loss and other comprehensive income:

DKK million	2020	2019
Depreciation on Land and buldings, etc.	38	36
Depreciation on Plant, machinery, IT equipment	5	6
Interest expense (included in Financial expenses)	6	6
Short-term leases (included in other external expenses)	1	0
Expense of low value leased assets	0	0
Total	**50**	**48**

The total cash outflow for leases in 2020 was DKK 39 million (2019: DKK 46 million).

Note 10 – Trade receivables, other receivables and credit risk

§ Accounting policy

Trade receivables are amounts due from customers for software and hardware sold and services performed in the ordinary course of business and are generally due for settlement within 30 days.

Trade receivables are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method. Due to the short-term nature of trade receivables amortised cost will equal the invoiced amount less loss allowance for expected credit losses.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a representative period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators showing there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables are initially measured at cost and subsequently at amortised cost. Generally, due to the short-term nature of other receivables, amortised cost will equal the cost.

Note 10 – Trade receivables, other receivables and credit risk (continued)

Exposure to credit risk

Credit risk is managed on a group basis.

The Group's trade receivables are from public customers and private companies that pose no greater risk than that normally associated with the granting of credit. Credit assessments are carried out for new customers and customers that have had difficulty settling their payment obligations. The Group regularly follows up on trade receivables and contract assets.

The maximum credit risk exposure to trade receivables is shown below. The Group's loss allowances at 31 December 2020 related solely to trade receivables.

Trade receivables

None of the trade receivables fall due more than 12 months after the reporting date. Due to the short-term nature of trade receivables, their carrying amount is considered to be the same as their fair value.

Provisions for the completion of projects are not included in trade receivables but are provided for separately and deducted from the gross value of contract assets.

DKK million	2020	2019
Gross carrying amount	200	228
Loss allowance	(6)	(5)
Transferred to assets held for sale	(15)	0
Carrying amount	**179**	**223**

31 December 2020	Current	0 - 30 days	31 - 90 days	< 90 days	Total
Expected loss rate				100%	
Gross carrying amount of trade receivables	150	34	9	7	200
Transferred to assets held for sale	(12)	(2)	(1)	0	(15)
Loss allowance				(6)	(6)
Carrying amount	**138**	**32**	**8**	**1**	**179**

Loss allowance for trade receivables and contract assets

DKK million	2020	2019
Loss allowance 1 January	(5)	(5)
Effects of exchange rate changes	0	0
Write-off	2	3
Increase	(3)	(3)
Transferred to assets held for sale	0	0
Loss allowance at 31 December	**(6)**	**(5)**

Other receivables

DKK million	2020	2019
Deposits	14	10
Other receivables	39	66
Total	**53**	**76**

Note 11 – Equity

§ Accounting policy

Retained earnings

Retained earnings is the Group's free reserves, which includes share premium reserves. Share premium reserves comprises amounts above the nominal share capital paid by shareholders when shares are issued by the parent company.

Translation reserve

Exchange adjustments arising on translation of foreign subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to other comprehensive income on disposal.

	2020		
	Number of shares	at DKK	Share capital
The share capital consists of	1	71,000,000	71

	2019		
	Number of shares	at DKK	Share capital
The share capital consists of	1	71,000,000	71

Note 12 – Borrowings

§ Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, borrowings are measured at amortised cost. The difference between the proceeds and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method.

The Group's debt to banks is shown as a net amount as a result of cash pooling.

DKK million	Current	Non-Current	2020	Current	Non-Current	2019
Bank loans	0	677	677	0	345	345
Lease liabilities	27	112	139	43	128	171
Total	**27**	**789**	**816**	**43**	**473**	**516**
Cash and cash equivalents	164	0	164	141	0	141
Transferred to assets held for sale	(29)	0	(29)	0	0	0
Net debt	**(108)**	**789**	**680**	**(98)**	**473**	**375**

Note 12 – Borrowings (continued)

Fair value

The fair value of lease liabilities is not materially different from the carrying amount, since the interest payable is close to current market rates.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Debt arising from financing obligations:

DKK million	2020	2019
Beginning of the year	516	545
Change in accounting policies	0	0
Repayments	(33)	(46)
Acquisitions	330	16
Exchange rate adjustment	2	0
Year end	**816**	**516**

Risk exposure

The Group's exposure to interest rate and liquidity risk is described in note 21 – Financial risk management.

Note 13 – Other liabilities

§ Accounting policy

Other liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Other liabilities are usually paid within 30 days and thus the carrying amount approximates the fair value.

Other liabilities comprise contributions payable as set out under note 4.

DKK million	2020	2019
Accrued holiday pay	106	98
VAT payable	52	52
Payroll tax etc. payable	59	5
Other	190	159
Transferred to liabilities held sale	(12)	0
Total	**395**	**314**

Note 14 – Deferred income

§ Accounting policy

Deferred income comprises payments received from customers related to subscription income for subsequent years.

Deferred income is measured at cost and amortised over the term of the contract usually 0-2 years.

Other accruals mainly comprise accrued interest.

DKK million	2020	2019
Accrued customer payments	125	56
Other accruals	9	35
Transferred to liabilities held for sale	(1)	0
Total	**133**	**91**

Note 15 – Contingent liabilities and other financial liabilities

The Group is subject to the obligations arising from its operating activities. There are no material risks related to the terms of sale and delivery.

Subject to customary legal provisions, the Group and subsidiaries act as guarantors of loans for the Group entity Camelot Midco ApS.

Subject to common law, assets are pledged as security for non-current borrowings to banks amounting to DKK 677 million.

As part of the settlement in 2017 regarding the KY project, a potential penalty of DKK 20 million may be payable if the project is delayed.

The group is part in contracts where few customers could have a potential claim due to delivery delays in the development of a new system. The potential compensation is uncertain and management do not expect the risk to imply a material negative effect on the Group's financial position.

Group's rental obligations during the period of non-terminability fall due:

DKK million	2020	2019
Within 1 year	0	0
Between 1 and 5 years	0	0
After 5 years	0	0
Rental obligations	0	0
Bank guarantees and other guarantees	2	2
Total	**2**	**2**

Note 16 – Adjustments

DKK million	2020	2019
Adjustments on sold activities	0	(21)
Special items	(107)	(70)
Adjustments regarding fundsflow	8	4
Share-based payments	23	15
Total	**(70)**	**(72)**

Note 17 – Changes in working capital

DKK million	2020	2019
Change in inventories	1	(1)
Change in receivables and other receivables	107	(46)
Change in trade payables and other payables	7	(47)
Change in other prepayments and other liabilities	23	20
Total	**138**	**(74)**

Note 18 – Acquisitions

§ Accounting policy

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners;
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date.

The excess of the:

- consideration transferred:
- the amount of any non-controlling interest in the acquired entity;
- and fair value on acquisition date of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recognised as goodwill.

Where settlement of any part of a cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Acquisition-related costs are expensed as incurred and are included in special items in the statement of profit or loss and other comprehensive income, and in operating cash flows in the statement of cash flows.

The Group's vision is to enable our customers to become industry leaders. In each of the markets we are active in, we want to provide the best solution and we want our customers to become the leaders within their industries. We do this by investing in our solutions, strengthening our software capabilities and acquiring companies or business activities that complement our offerings.

In 2020, the Group completed eight acquisitions comprising seven companies and one activity. All of these have strengthened the Group's offerings in our existing vertical markets.

Contributed revenues and net profit from the acquisition dates are specified below.

Company/Activity	Country	Acquisition date	Revenue	Profit after tax
Holte AS	Norway	17 March	96	29
Hano AS	Norway	1 June	13	4
A-Data A/S	Denmark	1 July	21	5
Altiplan ApS	Denmark	10 August	Merged with EG A/S	
Sigma Estimates A/S	Denmark	1 October	6	2
Ludus (Activity)	Denmark	9 October	Part of EG A/S	
Capto A/S	Denmark	2 November	5	1
Prosedo ApS	Denmark	2 November	3	1
Total			**144**	**42**

Note 18 – Acquisitions (continued)

Details of the purchase consideration, the assets acquired, and goodwill are as follows:

DKK million	Holte AS	Other	Total
Customer relationship	113	235	348
Licensing rights	49	4	53
Other assets	7	14	21
Deferred tax	(41)	(49)	(90)
Net identifiable assets acquired	128	204	332
Goodwill	327	162	489
Total consideration	**455**	**366**	**821**

Purchase of activity and share capital	**821**
Cash	**51**
Net outflow of cash - investing activities	**770**

Included in the total consideration is contingent consideration of DKK 18 million in 2020. The contingent consideration is based on the expectation that certain revenue targets are achieved over a period of 1-2 years.

Goodwill

Goodwill is attributable to well-positioned software businesses and consist of know-how, skilled assembled workforces and buyer synergies which will add commercial and technical expertise and features when upgrading EG's product offerings, which do not qualify for recognition as separate assets.

Acquisition-related costs

Acquisition-related costs of DKK 30 million are included in special items in the statement of profit or loss and other comprehensive income and in operating cash flows in the statement of cash flows.

Proforma revenue and profit after tax

If the acquisitions had occurred on 1 January 2020, consolidated pro-forma revenue and profit after tax for the year would have been DKK 259 million and DKK 53 million, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for: 1) differences in the accounting policies between the Group and the subsidiary, and 2) the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2020, together with the consequential tax effect.

Note 19 – Discontinued operations and assets held for sale

§ Accounting policy

A discontinued operation represents a significant business segments or geographical area that is part of a plan to dispose of such segment or operation, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets held for sale are not depreciated or amortised.

Non-current assets and groups of assets held for sale, including assets related to discontinued operations, are presented separately as current assets in the balance sheet. Liabilities directly related to the assets and discontinued operations in question are presented as current liabilities in the balance sheet.

In January 2019, the Group signed an agreement with DXC Technology A/S regarding the acquisition of the business segment relating to service activities. This operation was consequently reclassified to discontinued operations in 2019, and its results of operations and cash flow effects are presented separately under the respective items.

During 2020, the management of EG Group decided to initiate an active programme to locate a buyer for IT Minds ApS in order to sell the company and ensure an aligned portfolio of subsidiaries. IT Minds' operations comprised consulting services within digitisation for the Nordic region's largest companies. The company operates in the Other segment. During 2020 management decided to discontinue the operation of the business unit Notaplan. The business unit arise from the merger of Notaplan and EG in 2019.

As a consequence of the plan to sell IT Minds ApS and close down Notaplan, they were reclassified to discontinued operations (assets held for sale) in 2020 and it is disclosed as assets held for sale in a separate line item in balance sheet and profit or loss. As of 14 March 2021, The Group has sold the subsidiary IT Minds ApS.

Note 19 – Discontinued operations and assets held for sale (continued)

Profit for the year from discontinued operations, IT Minds, Notaplan and DXC

DKK million	2020	2019
Revenue	94	211
External cost	1	43
Staff cost	74	137
Other operating costs	8	26
Special items	0	(20)
Depreciations and amortisations	0	8
Operating profit (EBIT)	**11**	**(23)**
Financial items	2	3
Profit before tax on discontinued activities	**13**	**(20)**
Tax on discontinued operations	(3)	(17)
Profit for the year after tax discontinued operations	**10**	**(37)**
Cash flows from discontinued operations		
Cash flows from operating activities	17	(3)
Cash flows from investing activities	0	244
Cash flows from financing activities	(29)	0
Total cash flows	**(12)**	**241**

Assets and liabilities held for sale, IT Minds and Notaplan (2020)

DKK million	2020	2019
Intangible assets	14	0
Property, plant and equipment	0	0
Inventories	0	0
Receivables	16	0
Cash and cash equivalents	29	0
Total assets held for sale	**60**	**0**
Deferred tax	0	0
Leasing liabilities	0	0
Contract liabilities	0	0
Trade payables	6	0
Other payables	13	0
Deferred income	1	0
Liabilities relating to assets held for sale	**20**	**0**

Note 20 – Related parties

DKK million	2020	2019
Related party debt, parent companies	150	698
Transferred to liabilities held for sale	(3)	0
Related party debt	**147**	**698**

Shareholders over 5% of the total share capital	
Lancelot UK Finco Limited	100%

Parent and ultimate controlling party

EG A/S parent is Camelot Midco ApS, Hellerup.

The ultimate parent company is Lancelot Holdco Ltd., London.

Subsidiaries

The Group's interests in subsidiaries are set out in note 23 - Group structure.

Key management personnel

The Board of Directors and the Executive Board are considered the Group's key management personnel. Remuneration of key management personnel is set out in note 4 - Staff costs and remuneration of key management personnel.

Other related parties

The Group's related parties include subsidiaries and associates as well as members of the Boards of Directors and the Executive Board, executives and family members of these persons.

No other transactions were carried out during the year with members of the Board of Directors, the Executive Board, executives, major shareholders or any other related parties, with the exception of intra-group transactions eliminated in the consolidated financial statements and remuneration of key management personnel.

Transactions are made on market terms.

Note 21 – Fees to statutory auditors

DKK million	2020	2019
Total fees to statutory auditors:		
PwC		
Statutory audit	2	1
Other assurance services	2	1
Tax advisory services	3	2
Other non-audit services	13	3
Total	**20**	**7**

Note 22 – Financial risk management

The Group is exposed to a number of financial risks, mainly interest rate risk, currency risk and liquidity risk.

The Group's financial risks are managed centrally by Group Finance according to policies approved by Francisco Partners and the Board of Directors

The primary objectives for the Group's financial risk management are to ensure effective liquidity management and sufficient liquidity to uphold business operations and meet commitments stipulated in the funding as weel as mitigate risks for any covenant or other breaches due to interest and exchange rate changes.

Liquidity risk

Effective liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Group's financial resources consist of cash and committed credit facilities. The credit committed credit facilities will mature in 2026. The Group has no short-term maturities.

Group treasury monitors the available liquidity on the basis of expected cash flows with the aim of maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. For the optimisation and centralisation of cash management the Group uses cash pools.

Undrawn facilities for the Group amounts to DKK 884 million.

The contractual maturities for the Group's financial liabilities are provided in the table below. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equals their carrying amount as the impact of discounting is not significant. Contractual maturities for financial assets are not included as they all have a maturity within 12 months and thus equal the carrying amount.

31 December 2020 (DKK million)	Carrying amount	Total	0-1 year	1-2 years	2-5 years	>5 years
Borrowings incl. interest	677	941	44	44	132	721
Lease liabilities	138	144	32	27	48	37
Payables to group entities	147	147	147	0	0	0
Trade and other payables	118	118	118	0	0	0
Contract liabilities	24	24	24	0	0	0
Other liabilities	191	191	191	0	0	0
Transferred to liabilities held for sale	(16)	(16)	(16)	0	0	0
Financial liabilities	**1,279**	**1,549**	**540**	**71**	**180**	**758**

Carrying amount 2020:

Type	Loan	Maturity < 1 year	Maturity > 1 year - < 5 years	Maturity > 5 years	Eff. interest
Borrowings, variable	677	0	0	677	3-7%
Leasing, floating	138	27	85	27	3-4%
Cash in hand	135				0-2%

Carrying amount 2019:

Type	Loan	Maturity < 1 year	Maturity > 1 year - < 5 years	Maturity > 5 years	Eff. interest
Borrowings, variable	345	0	0	345	3-7%
Leasing, floating	171	43	99	29	3-4%
Cash in hand	141				0-2%

Currency risk

The Group's revenue is primarily denominated in DKK, but acquisitions in Norway and Sweden have resulted in growing exposure to NOK and SEK.

The Group is exposed to currency risk at three levels.

The first level includes exchange rate fluctuations related to the translation of the results of foreign subsidiaries at the reporting date. The Group does not hedge this type of risk. Consequently, the Group may be affected by short-term fluctuations when translating the results of subsidiaries into DKK.

The next level includes risk associated with current cash flows. The Group does not hedge currency risks associated with cash flows.

Lastly, currency risk attaches to the translation of intra-group balances in foreign currency at the reporting date. This translation includes a value adjustment which is not hedged.

The Group's borrowings are denominated in DKK and NOK.

As the currency is considered immaterial, the Group does not use derivative financial instruments to hedge currency risks at present.

Note 22 – Financial risk management (continued)

The aggregate net foreign exchange gains and losses recognised in profit and loss are disclosed in note 6, Finance income and finance costs.

The sensitivity of profit or loss due to changes in foreign exchange rates are considered immaterial.

Interest rate risk

Interest rate risk mainly arises from borrowings with variable interest rates, which exposes the Group cash flow interest rate risk.

The Group has variable interest expenses and is financed with a floating CIBOR rate combined with a fixed margin depending on the credit facility. Interest expenses are settled in DKK and NOK.

To minimise both interest and related risks, the Group has entered into cash pooling and interest netting agreements with its banks. The Group has variable interest expenses and is financed with a floating CIBOR rate combined with a fixed margin depending on the credit facility.

100% of the Group's borrowings have variable interest rates.

Currently, the Group does not hedge interest rate risk. Management monitor, as outlined in the Group's financial policy, the interest rate risk on quarterly basis and recommend to the board if the duration of interest periods shall be changed.

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Holding all other variables constant, an increase of 1%-point would have decreased profit or loss by DKK 7 million (2019: DKK 3 million).

Capital management

On an ongoing basis, the Group assesses the need for adjustment of the capital structure to balance the higher required rate of return on equity against the increased uncertainty related to loan capital.

Credit risk

The Group is exposed to credit risk primarily related to trade receivables and contract assets. Bank deposits and cash and cash equivalents are not considered to be subject to significant credit risk, as the Group only incurs transactions with banks and financial institutions with credit ratings of minimum A.

Credit risk on trade receivables and contract assets are described in note 10 – Trade receivables and credit risk.

Note 23 – Financial Assets and Liabilities

§ Accounting policy

Classification of Categories of Financial Assets and Liabilities

The Group classifies its financial assets held into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Further details about the accounting policy for each of the categories are outlined in the respective notes.

Fair Value Measurement

Management assessed that financial assets and liabilities measured at amortized costs such as bank deposits, receivables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and since the interest payable is close to current market rates.

DKK million	2020	2019	Fair value through profit or loss
Financial assets at amortised costs			
Trade receivables and other receivables	232	298	Due to the short-term nature of the asset, the carrying amount is considered to be the same as their fair value.
Cash and cash equivalents	135	141	
Total financial assets	**367**	**439**	
Liabilities at amortised costs			
Borrowings*	677	345	The fair values are not materially different from their carrying amounts, since the interest payable is close to current market rates.
Lease liabilities*	139	171	
Payables to group companies	147	698	Due to the short-term nature of the liability, the carrying amount is considered to be the same as their fair value.
Trade and other payables	118	84	
Other liabilities	396	314	
Total financial liabilities	**1,477**	**1,612**	

Note 24 – Share-based payments

§ Accounting policy

The fair value of warrants granted under the warrant programme is recognised as staff costs, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of time-vesting warrants is determined using a black Scholes valuation model and for performance-vesting warrants the fair value is determined using a monte carlo simulation.

To attract and retain Executive Board members and other executives, such persons are offered compensation based on their competences, job functions and value creation, as is the case in peer companies.

A group of executives has been given the opportunity to participate in a share programme in the ultimate parent company Lancelot Holdco Ltd aimed at aligning the Executive Board's and shareholders' short- and long-term interests. In addition, a group of executives participate in a warrant programme.

Warrant programme

The warrant programme is an equity-settled programme established in 2019. The vesting period is up to 48 months starting from 31 May 2019 and running till 31 May 2023. The programme comprises 12,844,615 time-vesting warrants and 10,450,655 performance-vesting warrants. The time vesting programme will vest if the employee remains with the company. The performance-vesting programme is subject to vesting based on value achieved by the investor upon exit.

Fair value of warrants granted

Total number of warrants granted in 2020 was 5.8 million.

The total fair value of warrants granted in 2020 was DKK 18 million.

The valuation is based on the following assumptions at the time of grant:

- Expected volatility: 56.0% (based on a peer group analysis)
- Risk-free interest rate: (0.53)%
- Market value at issue date: DKK 8.92
- Exercise price: DKK 8.92
- Term to expiry: 4 years
- 25% of the time-share programme vest of the first anniversary, and 2.083% monthly thereafter.

Recognised in the income statement

Total expenses arising from share-based payments during 2020 as part of staff costs were DKK 23 million. Hereof recognised in EG A/S (parent company) DKK 21 million.

Note 24 – Share-based payments (continued)

Number of granted warrants:	
1 January 2019	13,872,352
Forfeited	0
Granted	17,897,960
Exercised	(13,872,352)
31 December 2019	**17,897,960**
1 January 2020	17,897,960
Forfeited	(384,826)
Granted	5,782,133
Exercised	0
31 December 2020	**23,295,270**

As per 31 December 2020 a total of 4,090,119 and per 31 December 2019 a total of 87,224 time vesting warrants have vested.

Note 25 – Group structure

Entity	Country	Group ownership	Ownership interest	Voting percentage
Lancelot UK Finco Limited	UK			
Camelot Holdco ApS	DK	Lancelot UK Finco Limited	100%	100%
Camelot Midco ApS	DK	Camelot Holdco ApS	100%	100%
EG A/S	DK	Camelot Midco ApS	100%	100%
EG Norge AS	NO	EG A/S	100%	100%
Lindbak Retail Systems AS	NO	EG Norge AS	100%	100%
Lindbak Retail Systems AB	SE	Lindbak Retail Systems AS	100%	100%
Hano AS*	NO	EG Norge AS	100%	100%
Holte AS*	NO	EG A/S	100%	100%
Holte Software Poland Sp z.o.o*	PL	Holte AS	100%	100%
EG Poland Sp. z.o.o.	PL	EG A/S	100%	100%
EG Sverige AB	SE	EG A/S	100%	100%
Capto A/S*	DK	EG A/S	100%	100%
Prosedo ApS*	DK	EG A/S	100%	100%
Moonbird ApS*	DK	Prosedo ApS	100%	100%
UNIK Boligsalg A/S*	DK	Prosedo ApS	22%	22%
Dynaway A/S	DK	EG A/S	100%	100%
IT Minds ApS	DK	EG A/S	100%	100%
Sigma Estimates A/S*	DK	EG A/S	100%	100%
Sigma Estimates LLC*	USA	Sigma Estimates A/S	100%	100%
EG Hairtools ApS	DK	EG A/S	100%	100%
EG Digital Welfare ApS	DK	EG A/S	100%	100%
A-Data A/S*	DK	EG A/S	100%	100%
AX IV SD Holding ApS	DK	EG A/S	100%	100%
AX IV SD Holding II ApS	DK	AX IV SD Holding ApS	100%	100%
Silkeborg Data A/S	DK	AX IV SD Holding II ApS	100%	100%
CodeZoo ApS	DK	EG A/S	100%	100%
Xena ApS	DK	EG A/S	100%	100%
Sonlinc A/S	DK	EG A/S	100%	100%
Calwin A/S	DK	EG A/S	100%	100%
FloraInfo ApS	DK	EG A/S	14.2%	14.2%
PLSP A/S	DK	EG A/S	16.7%	16.7%

* Acquired during 2020.

Note 26 – Basis of preparation

The consolidated financial statements comprise EG A/S and its subsidiaries (collectively, the Group).

A summary of significant accounting policies adopted in the preparation of these consolidated financial statements have been disclosed in the relevant notes. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated profit or loss and other comprehensive income have been amended with a split of depreciation, amortization and impairment into two new subgroups;

- Depreciations, amortization and impairment and,
- Acquisition related amortisations

The split has been made to enhance Stakeholder insight in the consolidated profit or loss regarding cost relating to acquisitions. The comparative figures for 2019 have been amended accordingly.

Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU additional Danish disclosure requirements for the financial statements of reporting class C (Large) enterprises cf. the Danish Executive Order on Adoption of IFRSs issued pursuant to the Danish Financial Statements Act.

Historical cost

The consolidated financial statements have been prepared on a historical cost basis, except for assets held for sale measured at fair value less costs to sell.

New and amended standards and interpretations

The Group has applied the following amendments as of 1 January 2020:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Revised conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Reverse merger

In 2020 a reverse merger of the Holding companies, Camelot Bidco Aps, AX IV EG Inv 1 ApS, AX IV EG Holding ApS and AX IV EG Holding III ApS with EG A/S was performed, with EG A/S being the surviving entity. Comparative figures have not been restated due to the fact that this would imply less posibility to compare figures in the Profit and Loss. The merged company was founded 2 April 2019 and the EG Group was acquired by Camelot Bidco ApS 31 May 2019. By this the comparative figures would be a mix of different periods and not comparable for a 12 month period.

Changes in the disclosures due to the reverse merger is represented as a single line "Transfer from merger" or "Adjustment regarding merger". The balances form ther merger is corrected with DKK 172 million due to wrongfully recognition of Group contribution in merged company. The wrongful recognition has no effect on the Profit and loss or comparative figures. Effect form the merger is shown in the table below.

Effect from merger

Type	EG opening balance 31 December 2019	Effect from merger	Correction to merger balances	EG new opening balance 1 january 2020
Intangible assets	260	3,170	(172)	3,258
Tangible assets	143	0	0	143
Investments in subisidiaries	792	0	0	792
Inventory	2	0	0	2
Trade and other receivables	138	0	0	138
Contract assets	5	0	0	5
Receivables from group entities	321	0	0	321
Prepayments	12	0	0	12
Deferred tax asset	0	0	0	0
Income tax receivables	0	11	0	11
Cash and cash equivalents	650	2	0	652
Total assets	**2,323**	**3,011**	**(172)**	**5,334**
Equity	(247)	(1,175)	172	(1,250)
Deferred tax liabilities	(8)	(210)	0	(218)
Borrowings	(632)	(2,342)	0	(2,974)
Lease liabilities	(140)	0	0	(140)
Contracts liabilities	(4)	0	0	(4)
Trade and other payables	(46)	0	0	(46)
Payables to group entities	(1,015)	636	0	(379)
Income tax (payable)	(22)	(6)	0	(28)
Other payables	(178)	(86)	0	(264)
Deferred income	(33)	0	0	(33)
Total liabilitis	**(2,323)**	**(3,011)**	**172**	**(5,334)**

Note 26 – Basis of preparation (continued)

Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Danish kroner (DKK), which is the Group's functional currency. All values are rounded to the nearest DKK '000, unless otherwise stated.

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Foreign exchange gains and losses arising from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss under finance income or cost.

On consolidation of foreign entities with functional currencies other than the presentation currency, profit or loss items are translated into the presentation currency at the exchange rate at the transaction date, and balance sheet items are translated at the exchange rate at the reporting date. Average exchange rates are used as the exchange rate at the transaction date unless it deviates significantly from actual exchange rates. In that case, the actual exchange rates are used. All resulting foreign exchange adjustments are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on acquisitions of foreign entities are treated as assets and liabilities of the foreign entity and translated at the reporting rate.

Foreign exchange adjustments relating to non-current receivables from subsidiaries which are considered to be an addition to the net assets of the subsidiaries are recognised directly in equity as a separate translation reserve.

External cost:

External cost comprises costs incurred to generate the revenue for the year.

Other operating expenses:

Other operating expenses comprise expenses for distribution, sale, advertising, administration, etc. as well as write-downs for anticipated losses on trade receivables.

New financial reporting standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 26 – Basis of preparation (continued)

Definition of financial ratios

EBITDA

(Earnings Before Interest, Tax, Depreciation, Amortisation and Speciel items)
= Operating profit before depreciation, amortisation and special items

Adjusted EBITDA

= EBIDTA before share based payments

Adjusted Profit for the year

= Profit for the year from continuing operations before acquisition-related depreciation/amortization and impairment losses

Net working capital

= Inventory + trade receivables + contract work in progress - trade payables.

Net interest-bearing debt

= Debt to banks + employee bonds – cash and cash equivalents

Free cash flow

= Operating cash flow – investments in non-current assets

Adjusted free cash flow

= Free cash flow + special items

Revenue growth

= Change in revenue as a percentage of previous year revenue

Adjusted EBITDA growth

= Change in adjusted EBITDA as a percentage of previous year adjusted EBITDA

Adjusted EBITDA margin

= Adjusted EBITDA as a percentage of revenue

EBITDA margin

= EBITDA as a percentage of revenue

Equity ratio

= Equity as a percentage of total assets

Number of employees

= Average full-time equivalent employees during the reporting period

Parent company financial statements

Statement of profit or loss and other comprehensive income

DKK million	Note	2020	2019
Revenue	3	498	520
External costs		60	77
Staff costs	4	292	298
Other operating expenses		24	31
Other operating income		15	49
EBITDA		**137**	**163**
Depreciation, amortisation and impairment		72	89
Acquisition related amortisations		109	-
Special items	5	83	48
EBIT		**(127)**	**26**
Share of profit/loss after tax on investments in subsidiaries	6	50	(30)
Finance income	7	81	86
Finance costs	7	267	117
Profit before tax		**(263)**	**(35)**
Income Tax	8	26	12
Profit from continuing operations		**(237)**	**(23)**
Profit for the year from discontinued operations	16	-	(30)
Profit for the year		**(237)**	**(53)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign subsidiaries		(13)	1
Other comprehensive income		**(13)**	**1**
Total comprehensive income for the year, net of tax		**(250)**	**(52)**

Balance sheet

DKK million	Note	2020	2019
ASSETS			
Intangible assets	9	3,214	260
Property, plant and equipment	10	16	12
Right-of-use assets	10	86	131
Investment in subsidiaries	6	1,430	792
Non-current assets		**4,746**	**1,196**
Inventory		2	2
Trade and other receivables	11	83	138
Contract assets	3	3	5
Receivables from group entities		458	321
Prepayments		18	12
Income tax receivables		18	0
Cash and cash equivalents	13	79	650
Assets held for sale	16	38	0
Current assets		**677**	**1,127**
Total assets		**5,445**	**2,323**

DKK million	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	12	71	71
Translation reserve		(15)	(2)
Reserve for development projects		82	54
Retained earnings		3,386	125
Proposed dividends		300	0
Total equity		**3,824**	**247**
Deferred tax liabilities	8	202	8
Borrowings	13	355	75
Lease liabilities	13	83	113
Non-current liabilities		**641**	**196**
Borrowings	13	0	557
Lease liabilities	13	12	27
Contract liabilities	3	1	4
Trade and other payables		67	46
Payables to group companies		658	1,015
Income tax	8	0	22
Other liabilities	14	224	178
Deferred income	15	18	33
Liabilities relating to assets held for sale	16	0	0
Current liabilities		**980**	**1,880**
Equity and liabilities		**5,445**	**2,323**

Statement of changes in equity

DKK million	Share capital	Translation reserve	Res. for dev. proj.	Retained earnings	Proposed dividends	Total
Equity at 1 January 2020	71	(2)	54	125	0	247
Transfer from merger	0	0	0	1,175	0	1,175
Adjustment to transfer from merger	0	0	0	(172)	0	(172)
Total comprehensive income for the year	0	(13)	28	(639)	374	(250)
Other adjustments	0	0	0	6	0	6
Paid extraordinary dividend	0	0	0	0	(74)	(74)
Group contribution	0	0	0	2,868	0	2,868
Share based payment	0	0	0	23	0	23
Equity at 31 December 2020	**71**	**(15)**	**82**	**3,386**	**300**	**3,824**
Equity at 1 January 2019	**71**	**(3)**	**93**	**(48)**	**0**	**113**
Total comprehensive income for the year	0	1	(40)	(13)	0	(52)
Cash payments concerning founding of company	0	0	0	0	0	0
Capital increase	0	0	0	172	0	172
Share based payment	0	0	0	15	0	15
Other adjustments	0	0	0	(1)	0	(1)
Equity at 31 December 2019	**71**	**(2)**	**54**	**125**	**0**	**247**

Statement of cash flows

DKK million	Note	2020	2019
Cash flow from operating activities			
EBITDA		137	163
Adjustments	17	(64)	(90)
Change in working capital	18	215	371
Income tax paid		(10)	18
Cash flow from operating activities, continuing operations		**278**	**432**
Cash flow from operating activities, discontinued operations		**0**	**(30)**
Cash flow from investing activities			
Purchase of intangible assets and property, plant and equipment		(116)	(14)
Sale of property, plant and equipment		5	108
Acquisitions		(713)	(141)
Dividend from investments		79	0
Cash flow from investing activities, continuing operations		**(745)**	**(47)**
Cash flow from investing activities, discontinued operations		**0**	**244**
Cash flow from financing activities			
Repayment of non-current borrowings		0	(325)
Proceeds from non-current borrowings		280	0
Interest received		81	86
Interest paid		(307)	(117)
Repayment of lease liabilities		(27)	(25)
Group contributions		500	172
Paid out dividend		(74)	0
Movements in the balance with Parent company		0	131
Cash flow from financing activities, continuing operations		**453**	**(78)**
Cash flow from financing activities, discontinued operations		**0**	**0**
Change in cash flow for the year		(14)	521
Cash and cash equivalents at 1 January		93	(428)
Effects of exchange rate changes of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December, continuing operations		**(79)**	**93**
Cash and cash equivalents at 31 December, discontinued operations		**0**	**0**

There has been a non-cash movemnet in financing acitvity amounting to DKK 2,368 million, regarding Group contributions and movement of borrowings.

Notes

Parent company financial statements

Note 1 – Basis of preparation

The financial statements of EG A/S have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU additional Danish disclosure requirements for the financial statements of reporting class C (Large) enterprises, cf. the Danish Executive Order on Adoption of IFRSs issued pursuant to the Danish Financial Statements Act.

Other areas described in note 26 to the consolidated financial statements also apply as the basis of preparation of the parent company financial statements where relevant.

With the exception of the accounting policies described below, the accounting policies for EG A/S are the same as the Group's accounting policies, cf. the notes to the consolidated financial statements.

Note 2 – Use of estimates, assumptions and judgements

Use of estimates, assumptions and judgements are the same as for the Group to the extent they are similar accounting items, cf. note 2 to the consolidated financial statements.

Investment in subsidiaries is tested for impairment when there is an indication that the investment may be impaired.

Note 3 – Revenue

Disaggregation of revenue from contracts with customers
Set out below is the disaggregation of the Group's revenue from contracts with customers. The Group's derives revenue from the following customer types:

DKK million	2020	2019
Private	405	395
Public	89	74
Other	4	51
Total	**498**	**520**

The Group's contract balances are as follows:

DKK million	2020	2019
Contracts recognised over time	3	5
Costs to fulfil contracts	0	0
Contract assets	**3**	**5**
Prepayments from customers	(1)	(4)
Deferred revenue	0	0
Contract liabilities	**(1)**	**(4)**

Assets and liabilities related to contracts with customers
Contract assets comprise amortised contract costs and consideration for service performed for which the receipt of consideration is conditional on successful completion of the services. Contract assets mainly relate to revenue earned from ongoing service agreements. Contract liabilities comprise payments received from at customer before the Group tranfers the related goods or services.

Cost to fulfill a contract
Costs to fulfill a contract are capitalized if all of the following three criteria are met:

- First, the costs relate directly to a contract or a specifically anticipated contract.
- Second, the costs generate or enhance resources of the entity that will be used to satisfy future performance obligations.
- And third, the costs are recoverable.

Costs that relate to satisfied performance obligations are expensed as incurred.

Outstanding performance obligations
Future cashflow is positively affected by a number of multi year contracts. The outstanding performance obligations resulting from these contracts amounted to DKK 0 million as of 31 December 2020.

Management expects that 100% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2020 will be recognised as revenue in 2021. The amount disclosed does not include variable consideration. As permitted under IFRS 15, the transaction price related to short-term contracts (term of 12 months or less) is not included in the outstanding performance obligation.

Of contract liabilities amounted to DKK 4 million in 2019, DKK 4 million has been recognised as revenue in 2020.

Note 4 – Staff costs

DKK million	2020	2019
Average number of employees	**470**	**537**
Staff costs		
Wages and salaries	261	258
Defined contribution plans	16	16
Performance-based bonus	16	15
Share-based payments	21	15
Other social security costs	4	4
Staff costs before capitalisation	**318**	**308**
Work carried out for own account and capitalised	**(26)**	**(10)**
Total	**292**	**298**

Disclose for remuneration of the Board and Executive Board please refer to note 4 in the consolidated financial statement.

Note 5 – Special Items

DKK million	2020	2019
M&A and divestments	26	18
Restructuring	8	29
Transformations	49	1
Total	**83**	**48**

Special items include restructuring costs, which includes basic structural changes, and strategic considerations regarding the future of the business. Special items also include gains and losses on the disposal of companies, as well as external M&A transaction costs and adjustments to purchase prices of acquired companies.

Note 6 – Investments in subsidiaries

§ Accounting policy

Investments in subsidiaries are recognised and measured under the equity method. The proportionate ownership interest of the equity value of the subsidiaries is recognised in the balance sheet under the item "Investments in subsidiaries" based on the fair value of the identifiable net assets at the date of acquisition less or with the addition of unrealised intra-group gains or losses, with the addition of the remaining positive balance (goodwill) and less the remaining negative balance (negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred from distribution of profit to "Reserve for net revaluation according to the equity method" under equity. The reserve is reduced by distributions of dividends to the parent company and adjusted for other changes in the equity of the subsidiaries.

Subsidiaries with negative equity value are recognised at DKK 0. If the parent company has a legal or constructive obligation to cover the subsidiary's negative balance, a provision for that obligation is recognised.

The proportionate share of the profit for the year less impairment of goodwill is recognised in the income statement item "Income from investments in subsidiaries".

DKK million	2020	2019
Cost at 1 January	1,008	1,022
Merger with subsidiary	0	(155)
Additions	714	141
Disposals	(1)	0
Exchange rate adjustment	(24)	0
Transferred to asset held for sale	(18)	
Cost at 31 December	**1,679**	**1,008**
Corrected revaluation and impairment at 1 January	(216)	(192)
Merger with subsidiary	0	6
Distributed result incl. amortisation and impairment of goodwill and tax	50	(30)
Distributed dividends	(79)	0
Adjustments to prior year	5	0
Exchange rate adjustments	11	0
Transferred to asset held for sale	(20)	0
Revaluation and impairment at 31 December	**(249)**	**(216)**
Carrying amount at 31 December	**1,430**	**792**

Note 7 – Finance income and costs

DKK million	2020	2019
Interest received from group entities	74	81
Interest received from banks	0	3
Exchange rate adjustments	6	2
Other	1	0
Finance income	**81**	**86**
Interest paid to group entities	63	67
Interest on borrowings	189	43
Net foreign exchange gains/losses	0	1
Amortisation of borrowing costs	10	0
Other	5	6
Finance costs	**267**	**117**

Note 8 – Income tax

DKK million	2020	2019
Current tax on profit for the year	13	22
Prior-year adjustment	(3)	1
Adjustment of deferred tax	16	(11)
Tax on profit for the year	**26**	**12**
Effective tax rate for the year (%)		
Income tax rate in Denmark	22%	22%
Tax deductibility warrants	0%	58%
Other permanent items including limitation of interest deductibility	(11)%	(39)%
Effect of recapture of losses in Sweden	0%	(10)%
Adjustment of tax and deferred tax relating to prior years	(1)%	3%
Effective tax rate for the year	**10%**	**34%**
Profit before tax	(263)	(35)
Effective tax rate	(10)%	(34)%
Tax expense	26	12
Profit after tax	**(237)**	**(23)**
Deferred tax		
Intangible assets	220	24
Property, plant and equipment	15	24
Current assets	6	(5)
Deferred income, liabilities	(9)	(5)
Debt and other liabilities	(30)	(29)
Tax losses	0	(1)
Deferred tax liabilities	**202**	**8**
Deferred tax asset	**0**	**0**
The year's change in deferred tax may be specified as follows:		
Deferred tax for the year recognised in result of continuing operations	(16)	11
Prior year adjustment	0	2
Transfer from merger	210	0
Total	**194**	**13**

Tax value of the capitalized tax losses are expected to be realized within the foreseeable future, as the affected subsidiaries expect a sufficient future taxable income.

Note 9 – Intangible assets

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2020									
At 1 January	252	6	89	12	16	96	272	31	774
Adjustment to 1 January regarding merger	2,219	41	613	163	0	206	23	0	3,265
New cost at 1 January	**2,471**	**47**	**702**	**175**	**16**	**302**	**295**	**31**	**4,039**
Acquisitions regarding business combinations	11	0	18	0	0	1	0	0	30
Reclassifications	0	0	0	11	0	0	46	(46)	11
Additions	0	0	0	0	4	2	0	66	72
Disposal	(183)	0	0	0	0	0	(67)	0	(250)
At 31 December	**2,299**	**47**	**720**	**186**	**20**	**305**	**274**	**51**	**3,902**
Amortisation and impairment									
At 1 January	(119)	(6)	(45)	(12)	(16)	(87)	(229)	0	(514)
Adjustment to 1 January regarding merger	0	(8)	(42)	(19)	0	(16)	(1)	0	(86)
New amortisation and impairment at 1 January	**(119)**	**(14)**	**(87)**	**(31)**	**(16)**	**(103)**	**(230)**	**0**	**(600)**
Reclassifications	0	0	0	(11)	0	0	0	0	(11)
Amortisation, continued operations	0	(5)	(50)	(33)	0	(29)	(27)	0	(144)
Disposals	0	0	0	0	0	0	67	0	67
At 31 December	**(119)**	**(19)**	**(137)**	**(75)**	**(16)**	**(132)**	**(190)**	**0**	**(688)**
Carrying amount at 31 December	**2,180**	**28**	**583**	**111**	**4**	**173**	**84**	**51**	**3,214**

Development projects

Recognised development projects completed or in progress primarily include the development of proprietary software solutions, various industry solutions and new IT Platform.

As part of the EG operational transformation a new IT-platform is under development. The purpose of the new IT-platform is to support the operation and future growth of EG. Booked value of the development is DKK 45 million at year end 2020.

The project is currently under development and recognised as development projects in progress.

Note 9 – Intangible assets (continued)

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2019									
Cost									
At 1 January	252	6	69	12	16	85	226	52	718
Reclassification	0	0	0	0	0	0	15	0	15
Acquisitions regarding business combination	0	0	0	0	0	139	0	0	139
Additions	0	0	20	0	0	11	0	10	41
Transfers	0	0	0	0	0	0	31	(31)	0
Disposals	0	0	0	0	0	(139)	0	0	(139)
At 31 December	**252**	**6**	**89**	**12**	**16**	**96**	**272**	**31**	**774**
Amortisation and impairment									
At 1 January	(119)	(6)	(38)	(12)	(16)	(83)	(174)	0	(448)
Reclassification	0	0	0	0	0	0	(21)	0	(21)
Amortisation	0	0	(8)	0	0	(23)	0	0	(31)
Impairment	0	0	0	0	0	(10)	(34)	0	(44)
Disposals	0	0	1	0	0	29	0	0	30
At 31 December	**(119)**	**(6)**	**(45)**	**(12)**	**(16)**	**(87)**	**(229)**	**0**	**(514)**
Carrying amount at 31 December	**133**	**0**	**44**	**0**	**0**	**9**	**43**	**31**	**260**

Note 10 – Property, plant and equipment and leases

DKK million	Land and buildings	Leasehold Improvements	Plant, machinery, IT equipment	Total
2020				
Cost				
At 1 January	250	16	102	368
Adjustments regarding reclassifications	(5)	0	0	(5)
Additions	0	0	14	14
Disposals	(17)	(6)	(57)	(80)
At 31 December	**228**	**10**	**59**	**297**
Depreciation and impairment				
At 1 January	(126)	(13)	(86)	(225)
Depreciation	(23)	(1)	(10)	(34)
Disposals	2	6	56	64
At 31 December	**(147)**	**(8)**	**(40)**	**(195)**
Carrying amount at 31 December	**81**	**2**	**19**	**102**

DKK million	Land and buildings	Leasehold Improvements	Plant, machinery, IT equipment	Total
2019				
Cost				
At 1 January	224	15	99	338
Adjustments regarding reclassifications	(8)	1	(1)	(8)
Additions	34	0	4	38
At 31 December	**250**	**16**	**102**	**368**
Depreciation and impairment				
At 1 January	(154)	(10)	(81)	(245)
Adjustments regarding reclassifications	50	(1)	8	57
Depreciation	(22)	(2)	(13)	(37)
At 31 December	**(126)**	**(13)**	**(86)**	**(225)**
Carrying amount at 31 December	**124**	**3**	**16**	**143**

Note 10 – Property, plant and equipment and leases (continued)

Right-of-use assets (DKK million)	2020	2019
Land and buildings, etc.	81	123
Plant, machinery, IT equipment	5	8
Total	**86**	**131**

Additions to the right-of-use assets in 2020 were DKK 4 million (2019: DKK 35 million).

The carrying amount of the **lease liability** recognised in the balance sheet is disclosed in Note 13 - Borrowings.

Right-of-use assets (DKK million)	2020	2019
Depreciation on Land and buildings, etc.	23	22
Depreciation on Plant, machinery, IT equipment	5	6
Interest expenses (included in Financial expenses)	5	5
Short-term leases (included in other external expenses)	0	0
Expense of low value leased assets	0	0
Total	**33**	**33**

The total cash outflow for leases in 2020 was DKK 32 million (2019: DKK 30 million).

Note 11 – Trade Receivables, other receivables and credit risk

DKK million	2020	2019
Gross carrying amount	63	98
Loss allowance	(2)	(1)
Carrying amount	**61**	**97**

31 December 2020	Current	0 - 30 days	31 - 90 days	< 90 days	Total
Expected loss rate				100%	
Gross carrying amount of trade receivables	49	12	0	2	63
Loss allowance				(2)	(2)
Carrying amount	**49**	**12**	**0**	**0**	**61**

Loss allowance for trade receivables and contract assets

DKK million	2020	2019
Loss allowance 1 January	(1)	(2)
Effects of exchange rate changes	0	0
Write-off	0	3
Increase	(1)	(2)
Loss allowance at 31 December	**(2)**	**(1)**

Other receivables

DKK million	2020	2019
Deposits	10	10
Other receivables	12	31
Total	**22**	**41**

Note 12 – Equity

§ Accounting policy

Retained earnings

Retained earnings is the free reserves, which includes share premium reserves. Share premium reserves comprises amounts above the nominal share capital paid by shareholders when shares are issued by the parent company.

Dividends

Dividends are recognised as a liability at the time of adoption by the annual general meeting (the declaration date). Proposed but not yet paid dividends for the financial year are recognised in equity until adopted by the shareholders at the general meeting.

Reserve for development costs

Capitalised development costs as of the financial year beginning on 1 January 2016 are recognised separately in equity under "Reserve for development costs".

The reserve is reduced by regular amortisation and any impairment so that it does not exceed the amount recognised in the balance sheet as development costs. If an impairment loss is subsequently reversed, the reserve is restored. If the capitalised development costs are sold, the reserve is reduced by a corresponding amount.

Translation reserve

Exchange adjustments arising on translation of foreign subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to other comprehensive income on disposal.

2020	Number of shares	at DKK	Share capital
The share capital consists of	1	71,000,000	71

2019	Number of shares	at DKK	Share capital
The share capital consists of	1	71,000,000	71

Note 13 – Borrowings

DKK million	Current	Non-Current	2020	Current	Non-Current	2019
Bank loans	0	355	355	557	75	632
Lease liabilities	12	83	95	27	113	140
Total	**12**	**438**	**450**	**584**	**188**	**772**
Cash and cash equivalents	79	0	79	650	0	650
Net debt	**67**	**(438)**	**(371)**	**66**	**(188)**	**(122)**

Fair value

The fair value of lease liabilities is not materially different from the carrying amount, since the interest payable is close to current market rates.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Debt arising from financing obligations:

DKK million	2020	2019
Beginning of the year	75	400
Repayments	0	(325)
Acquisitions	280	0
Total	**355**	**75**

Risk exposure

The Parent company's exposure to interest rate and liquidity risk is included in note 22 – Financial risk management in the consolidated financial statement.

Note 14 – Other liabilities

DKK million	2020	2019
Accrued holiday pay	49	47
VAT payable	10	29
Payroll tax etc. payable	25	0
Other	140	102
Total	**224**	**178**

Note 15 – Deferred income

DKK million	2020	2019
Accrued customer payments	16	15
Other accruals	2	18
Total	**18**	**33**

Note 16 – Discontinued operations and assets held for sale

In January 2019, the Group signed an agreement with DXC Technology A/S regarding the acquisition of the business segment relating to service activities. This operation was consequently reclassified to discontinued operations in 2019, and its results of operations and cash flow effects are presented separately under the respective items.

During 2020, the management of EG Group decided to initiate an active programme to locate a buyer for IT Minds ApS in order to sell the company and ensure an aligned portfolio of subsidiaries. IT Minds' operations comprised consulting services within digitisation for the Nordic region's largest companies. The company operates in the Other segment. During 2020 management decided to discontinue the operation of the business unit Notaplan. The business unit arise from the merger of Notaplan and EG in 2019.

As a consequence of the plan to sell IT Minds ApS and close down Notaplan, they were reclassified to discontinued operations (assets held for sale) in 2020 and it is disclosed as assets held for sale in a separate line item in balance sheet and profit or loss. As of 14 March 2021, The Group has sold the subsidiary IT Minds ApS.

Profit for the year from discontinued operations, Notaplan and DXC

DKK million	2020	2019
Revenue	0	68
External cost	0	24
Staff cost	0	36
Other operating costs	0	10
Special items	0	(5)
Depreciations and amortisations	0	6
Operating profit (EBIT)	**0**	**(13)**
Financial items	0	0
Profit before tax on discontinued activities	**0**	**(13)**
Tax on discontinued operations	0	(17)
Profit for the year after tax discontinued operations	**(0)**	**(30)**
Cash flows from discontinued operations		
Cash flows from operating activities	0	(30)
Cash flows from investing activities	0	244
Cash flows from financing activities	0	0
Total cash flows	**0**	**214**

Assets and liabilities held for sale, It Minds

DKK million	2020	2019
Investment in subsidiaries	38	0
Profit before tax on discontinued activities	**38**	**0**

Note 17 – Adjustments

DKK million	2020	2019
Adjustments on sold activities	0	(57)
Profit/loss from sale of assets	0	1
Interest rate swap adjustments	0	(1)
Special items	(83)	(48)
Adjustments regarding fundsflow	(4)	0
Share-based payments	23	15
Total	**(64)**	**(90)**

Note 18 – Changes in working capital

DKK million	2020	2019
Change in inventories	0	(2)
Change in receivables and other receivables	57	(26)
Change in trade payables and other payables	58	(29)
Change in other prepayments and other liabilities	100	397
Total	**215**	**371**

Note 19 – Contingent liabilities and other financial liabilities

EG A/S is jointly taxed with the Group's Danish subsidiaries. The total amount of payable income tax is disclosed in the annual report of EG A/S, the administration company. The Group's Danish subsidiaries are also jointly and severally liable for Danish withholding taxes on dividends, royalties and interest.

Any subsequent adjustments of income tax and withholding tax may result in an increase to the Group's liability.

As part of the settlement in 2017 regarding the KY project, a potential penalty of DKK 20 million may be payable if the project is delayed.

Subject to customary legal provisions, the Group and subsidiaries act as guarantors of loans for the Parent company Camelot Midco ApS.

Note 20 – Related parties

DKK million	2020	2019
Sales to related parties	21	25
Purchase from related parties	1	3
Receivables from related parties, parent companies	0	0
Receivables from related parties, subsidiaries	458	321
Receivables from related parties	**458**	**321**
Related party debt, parent companies	152	626
Related party debt, subsidiaries	506	389
Receivables from related parties	**658**	**1,015**

Parent and ultimate controlling party

EG A/S is fully owned by Camelot Midco ApS, Hellerup with Lancelot Holdco Ltd., London being the ultimate Parent Company and is included in the Consolidated Annual Reports of both Camelot Holdco ApS, Hellerup and Lancelot Holdco Ltd., London.

Subsidiaries

The Group's interests in subsidiaries are set out in note 25 – Group structure, Concolidated financial statements.

Key management personnel

The Board of Directors and the Executive board are considered the Group's key management personnel. Remuneration of key management personnel is set out in note 4 – Staff costs and remuneration of key management personnel.

Other related parties

The Group's related parties include subsidiaries and associates as well as members of the Boards of Directors and the Executive Board, executives and family members of these persons.

No other transactions were carried out during the year with members of the Board of Directors, the Executive Board, executives, major shareholders or any other related parties, with the exception of intra-group transactions eliminated in the consolidated financial statements and remuneration of key management personnel.

Transactions are made on market terms.

Note 21 – Fee to statutory auditors

Fee to statutory auditors are the same as for the Group to the extent they are similar accounting items, cf. note 21 to the consolidated financial statements.

Note 22 – Financial risk management

31 December 2020 (DKK million)	Carrying amount	Total	0-1 year	1-2 years	2-5 years	> 5 years
Borrowings incl. interest	355	486	22	22	65	377
Lease liabilities	99	99	13	13	38	35
Payable to group entities	658	658	658	0	0	0
Trade and other payables	67	67	67	0	0	0
Contracts liabilities	1	1	1	0	0	0
Other liabilities	140	140	140	0	0	0
Total	**1,320**	**1,451**	**901**	**35**	**103**	**412**

Carrying amout 2020:

Type	Loan	Maturity < 1 year	Maturity > 1 yeat - < 5 years	Maturity > 5 years	Eff. interest
Borrowings, variable	355	0	0	355	3-7%
Leasing, floating	95	12	49	34	3-4%
Cash in hand	79				0-2%

Carrying amout 2019:

Type	Loan	Maturity < 1 year	Maturity > 1 yeat - < 5 years	Maturity > 5 years	Eff. interest
Borrowings, variable	632	557	0	75	3-7%
Leasing, floating	140	27	63	50	3-4%
Cash in hand	650				0-2%

Note 23 – Financial Assets and Liabilities

§ Accounting policy

Classification of Categories of Financial Assets and Liabilities

The Group classifies its financial assets held into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Further details about the accounting policy for each of the categories are outlined in the respective notes.

Fair Value Measurement

Management assessed that financial assets and liabilities measured at amortized costs such as bank deposits, receivables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and since the interest payable is close to current market rates.

DKK million	2020	2019	Fair value through profit or loss
Financial assets at amortised costs			
Trade receivables and other receivables	83	138	Due to the short-term nature of the asset, the carrying amount is considered to be the same as their fair value.
Cash and cash equivalents	79	650	
Total financial assets	**162**	**788**	
Liabilities at amortised costs			
Borrowings*	355	632	The fair values are not materially different from their carrying amounts, since the interest payable is close to current market rates.
Lease liabilities*	95	140	
Payables to group companies	658	1,015	Due to the short-term nature of the liability, the carrying amount is considered to be the same as their fair value.
Trade and other payables	67	46	
Other liabilities	224	178	
Total financial liabilities	**1,388**	**2,011**	

Note 24 – Distribution of profit or loss

The Board of Directors proposes that the comprehensive income for the year be distributed as follows:

(DKK million)	2020	2019
Translation reserve	(13)	1
Reserve for development projects	28	(40)
Retained earnings	(639)	(13)
Extraordinary dividends	74	0
Proposed dividends	300	0
Distributed comprehensive income	**(250)**	**(52)**

Note 25 – Subsequent events

No other significant events have occurred after the end of the financial year that affect the 2020 financial statements.

As of 14 March 2021, The Group has sold the subsidiary IT Minds ApS. Refer to note 16 discontinued operations.

Business Combinations

The acquisitions of FrontAvenue A/S and EasyUpdate AS were completed by EG A/S on 31 March 2021. These acquisitions have strengthened EG Group's offerings in our existing vertical markets. Both companies fit into what we do in EG – delivering market leading software based on a deep understanding of our customers.

FrontAvenue A/S and the platform SafetyNet is one of the market leading tools for administration and occupational health and safety. This is a new EG Business area and we see a great potential in SafetyNet. SafetyNet's Customers covers 25% of the total Danish workforce. FrontAvenue A/S is part of our Public Division but will focus on both the public and private markets.

EasyUpdate AS is a Norwegian company that will strengthen our position in the beauty and wellness market. EasyUpdate AS has a strong market position within hairdressers in Norway and they complement our existing presence in the market in Norway and Denmark. EasyUpdate AS comes with both an administration and payments system as well as ledigtime.no, which is an online booking service.

DESIGN KIRK & HOLM