Let's go further

EG A/S Annual Report 2023

This Annual Report was presented and approved by the shareholders at EG A/S' Annual General Meeting held on 21 June 2024

Henrik Hansen, Chair of the Annual General Meeting

global.eg.dk   Company reg. (CVR) no. 40 40 60 93   1 January - 31 December 2023

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EG in numbers

In EG we craft the vertical software of tomorrow, bringing sustainable impact to customers and society.

We believe that this is best done through industry-specific standard software that automates tasks and processes, freeing up time and resources for customers to focus on their core activity enabling them to become industry leaders.

Read more about EG **here**.

Revenue DKK million
2,346

Adj. EBITDA DKK million
823

Adjusted EBITDA Growth
10.5%

Customers
32,000+

Revenue growth
13.0%

Organic Recurring Revenue Growth
5.8%

Adj. EBITDA margin
35.1%

Employees
2,400+

Recurring revenue
84%

Gross retention rate
97%

TAM DKK billion
44

Revenues from markets with EG as top-3 vendor
>90%

Chair Klaus Holse

Our market positions were further strengthened during 2023 through continued strong organic growth and several strategic acquisitions.

Building on a strong foundation

2023 has once again proven the strength and sustainability of our business model. We have held our steady course while facing difficult economic circumstances, with growing geo-political tensions and societal pressures. We have done so by continuing to focus on our customers, invest in our people, and support our communities.

Over the last few years, we have become used to operating in a more uncertain environment. In 2023, we continued to see geopolitical issues and financial markets suffering from periods of volatility due to the uncertain macro-economic outlook, driven by inflation and elevated levels of interest rates. By any measure, a tumultuous year.

Despite this backdrop, EG delivered, yet again, a solid performance resulting in 13.0% revenue growth and reaching DKK 2.3bn in total revenues. This is the outcome of executing on our strategy of delivering industry-specific and mission-critical SaaS offerings to our many customers, at scale and with high quality. As part of this strategy, we have continued to increase quality and predictability of our revenues, increasing the proportion of recurring revenues from 81.9% in 2022 to 83.7% in 2023, equivalent to 5.8% organic recurring revenue growth year over year.

Our market positions were further strengthened during 2023 through continued organic growth and several strategic acquisitions, most notably within the healthcare vertical which is now one of EG's largest market segments and where we continue to see an opportunity for further consolidation across the Nordic region.

In November 2023, we finalised a DKK 2,983m investment round, including a combination of capital into the business and transfer of shares, broadening EG's ownership structure with a group of leading international investors. I am happy to welcome the new investors on board and see their investment as an acknowledgement of the great work the EG team has done and of the continued growth potential of EG. In addition, we prolonged the maturity of our loans from 2026 to 2028 further supporting our ability to develop EG in the years to come.

In 2023, we also continued to deliver on our commitment for corporate responsibility with progress made across all areas of ESG. In terms of reducing our environmental footprint, we managed to reduce our energy consumption by implementing our own Energy Management & Sustainability solutions (EG Omega EnerKey) in our office locations. In terms of our social targets, we conducted significant amount of training focused on leadership, diversity and strengthening of EG core values and culture. We also signed up to the Gender Diversity Pledge in which EG commits to work with targets for management and the Board of Directors, to prepare an action plan and to actively promote gender diversity in our organisation. In terms of governance, EG progressed well with several new initiatives, such as the adoption and implementation of a new AI policy as well as updating of EG compliance procedures in line with new regulations. Please read more about how we work with ESG in this report or in our separate ESG Report 2023.

I would like to thank all EG employees who make it all happen for another strong year of performance and to our customers for their continued trust in us.

Yours sincerely

Klaus Holse
Chair, EG A/S

Revenue Growth, 2023

13.0%

Recurring Revenue Growth, 2023

15.5%

Financial highlights & ratios

Financials

DKK million	2023	2022	2021	2020	9 months 2019
Income statement					
Revenue	2,346	2,077	1,755	1,439	790
Adjusted EBITDA (Non-IFRS Measure)*	**823**	**745**	**576**	**438**	**237**
EBITDA	**807**	**726**	**544**	**415**	**222**
Net financial expense	(684)	(363)	(292)	(248)	(157)
Adjusted profit for the year (Non-IFRS Measure)**	**(82)**	**108**	**84**	**18**	**(57)**
Profit for the year from continuing operations	**(475)**	**(263)**	**(307)**	**(278)**	**(294)**
Profit for the year	**(475)**	**(263)**	**(239)**	**(268)**	**(289)**
Profit for the year from continuing operations	(475)	(263)	(307)	(278)	(294)
Acquisition related amortisations	255	234	205	189	142
Tax effect related amortisation	(56)	(51)	(45)	(42)	(35)
Share based payments	16	19	32	23	15
Special items	178	169	199	126	115
Adjusted profit for the year	**(82)**	**108**	**84**	**18**	**(57)**
Balance sheet					
Total assets	9,139	7,584	6,782	5,887	5,190
Equity	1,189	853	1,175	1,322	1,260
Cash flow					
Free cash flow	195	194	90	237	45
Adjusted free cash flow (Non-IFRS Measure)***	378	363	305	363	201
Investments					
Property, plant and equipment	97	90	59	42	6

Ratios

DKK million	2023	2022	2021	2020	9 months 2019
Financial ratios					
Revenue Growth	13.0%	18.3%	22.0%	82.2%	
Recurring Revenue % (Non-IFRS Measure)	83.7%	81.9%	78.3%	75.1%	71.7%
Recurring Revenue Growth % (Non-IFRS Measure)	15.5%	23.7%	27.0%	20.0%	14.0%
Adjusted Revenue (Non-IFRS Measure)****	2,539	2,190	1,903	1,574	1.352
Organic Revenue Growth (Non-IFRS Measure)*****	4.3%	2.4%	3.4%	(3.0)%	4.3%
Adjusted Recurring Revenue (Non-IFRS Measure)	2,114	1,803	1,489	1,181	965
Organic Recurring Revenue Growth (Non-IFRS Measure)	5.8%	7.3%	8.0%	0.8%	4.6%
Adjusted EBITDA growth (Non-IFRS Measure)	10.5%	29.4%	31.5%	84.8%	
Adjusted EBITDA margin (Non-IFRS Measure)	35.1%	35.9%	32.8%	30.4%	30.0%
EBITDA margin	34.4%	35.0%	31.0%	28.8%	28.1%
Equity ratio	13.0%	11.2%	17.3%	22.5%	24.3%
Average number of full-time employees	1,953	1,638	1,360	1,176	1,206
Gross Retention Rate (Non-IFRS Measure)	97%	98%	97%	97%	97%
Net Retention Rate (Non-IFRS Measure)	103%	104%	103%	99%	103%

* Adjusted EBITDA: EBITDA Before share based payments.
** 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, non-cash movements on property, plant and equipment and acquisition of external licensing rights.
**** Total reported revenue adjusted to include revenue as if acquisitions were completed on the first day of the relevant accounting period. Figures are stated in Constant Currency.
***** Organic Revenue Growth represents the development of EG's revenues in relation to the corresponding prior accounting period, including revenue from acquisitions completed in the current and prior accounting period as if the acquisitions have been made on the first day of the previous accounting period. Numbers are stated in Constant Currency.
Note: Definition of financial ratios are conveyed in Note 5.2. Non-IFRS Measures are unaudited.
Financial ratios regarding Recurring Revenue and Revenue Growth for Non-IFRS Measures are on full year EG consolidated level.

CEO Mikkel Bardram

We reached DKK 2.3 billion in total reported revenues, equivalent to 13.0% in total revenue growth for 2023.

Crafting the vertical software of tomorrow

In 2023 the rapid change of technological development was the constant in an otherwise turbulent macroeconomic business environment. The opportunities to apply technology in new ways to support our customers continue to increase and have never been more exciting.

In 2023, we progressed well on our journey to "craft the vertical software of tomorrow" and establish EG as the market leader within Nordic vertical software. Standard, vertical software is increasingly a preferred option for the customers as it is quick to implement, tailored to the individual users and functionality rich.

During 2023, we continued to see trends that support a further consolidation of the vertical software market in the Nordic region. From a supply perspective, we see a market that remains fragmented with hundreds of vertical software companies across the Nordic countries. From a demand perspective, we see customers requiring a higher degree of professionalism and product integrity, combined with rapid product innovation. The customers want to address cybersecurity concerns, be able to meet regulatory requirements and take advantage of new technologies to improve their businesses. We also see that ensuring open APIs and flexibility in integration to the customer's enterprise architecture is becoming increasingly important as part of a "best of breed" strategy.

Over the years, technology has helped to increase productivity and improve lives substantially. We see this development continuing, driven by companies and people supporting further investments in resources and technology to make this happen. In EG, we are doing exactly this and that's why our purpose statement is:

"We craft the vertical software of tomorrow – bringing sustainable impact to customers and society."

This statement reflects both what we do and the impact we deliver. Across all our business units, we are developing and delivering standard software that is focused on a specific set of customers. It is standard software that is continuously updated to manage specific industry processes, integrated to local ecosystems and fully compliant with local as well as global regulations. We believe that this is the best way of digitalising business and society and makes technology accessible to as many as possible. We talk about our work as a "craft" because it takes a special skill to truly understand the customers and be able to use this understanding to develop a product that meets their needs. It is a craft that requires both creativity and skill.

The impact we deliver to our customers and society is sustainable in two different ways. Firstly, we deliver a sustainable, competitive advantage or positive business advantage for the customers who choose our software. Secondly, we automate tasks and processes for our customers, freeing up time and resources that they can redirect to focus on their core activities, and hence allowing them to run their businesses in a more sustainable way.

Technology is accelerating the transition to more sustainable decisions and business practices. In EG we are part of this change, which is why we strengthened our capabilities in this area during 2023.

The journey of building market leadership and scale

Since 2019, we have doubled the size of EG, supported by our ongoing efforts to grow the business organically and accelerate market positions with 35 strategic acquisitions across the Nordic region. We have successfully expanded our various market positions in existing and new markets and now operate with a significant Nordic presence. Each company that we have acquired has unique strengths in their products, in their customer relationships and in the domain knowledge that their employees possess. We have supported these businesses to continue to grow in their markets and to develop their capabilities as part of EG.

In 2023, we have also taken a significant step to increase the way we support our customers and their industries. We have changed our divisional structure to better align with our customers' markets and the way we want to serve our customers. The new divisional structure ensures that our SaaS offerings are better aligned to solve the challenges our customers are facing, not just in their respective businesses but also across the broader ecosystems within which they operate. The three new divisions are Construction and Property, Healthcare and Citizen Welfare, and Industrials and Trade. Please see sections on the divisions for highlights of their respective business activities.

In addition to scaling our business, we also have a strategy to improve our internal efficiency, including sharing of processes and best practice. This strategy continued during 2023 and we now have a scalable foundation for EG that enables us to rapidly onboard and integrate acquired business into our common way of operating. This ensures the quality and performance of our acquisitions and help us become better in the way we serve our customers. For example, through our common way of operating, we deploy consistent processes related to Cybersecurity and compliance, which for separate business units would be complex and costly to manage. We deploy the same methodologies in all our software development and testing processes, which increases our pace of innovation and time to market, related to for example AI and new product features.

Making an impact

Our focus on ESG continues unabated with several ongoing initiatives across the three focus areas, including but not limited to, continued focus on reducing our environmental impact by measuring and questioning the levels of impact we have. We also help our customers reduce their environmental impact by providing data insight and recommendations for optimisation, for example through our energy management and sustainability offerings. In our social commitment, we continue to strive for a diverse work environment, where we in 2023 reached our target of 34% female colleagues in the workforce. We can still do more to increase the share of female leaders in senior management positions which we have set ourselves as a priority in 2024. In governance, we have continued to invest in our policies and operations related to cyber and data security.

Our new divisional structure is a further step in supporting our ESG agenda. For example, our new division Construction & Property will accelerate SaaS offerings that help property developers, construction workers and real estate owners to understand environmental impact, ranging from designing and building properties to maintaining the same. The recently announced acquisition of Zeroni is helping building site contractors operating in compliance with local regulations related to health and safety.

Finally, our employees are key to EG's success. In 2023, we have continued to invest in our people and access to industry and domain experts.

In terms of employee satisfaction, EG improved the employee satisfaction index to 7.9, up from 7.8 last year.

Investing in growth

2023 was no different to prior years. We continue to invest in growing our market positions and strengthening our capabilities. We have had good business momentum growing our recurring revenues by 15.5% reaching DKK 2.3 billion in total

> "We craft the vertical software of tomorrow – bringing sustainable impact to customers and society."

reported revenues, equivalent to 13.0% in total revenue growth for 2023. At constant currency our total reported revenue growth was 17.5% and the recurring revenue growth was 19.9% in line with our projections when we entered the year. The growth was supported by six successful acquisitions, adding critical capabilities and domain experts as well as scale to EG's businesses. See more on this in our Divisional Highlights. In terms of profitability, EG's Adjusted EBITDA reached DKK 823 million, equivalent to 35.1% Adjusted EBITDA margin.

Our overall profits were negatively affected by rising interest rates and the continued investment in our business. Due to our chosen capital structure and the increasing cost of capital we were faced with an almost doubling of our financial expenses compared to 2022. Further, we continued to invest in our internal platform that also has enabled us to rapidly onboard and integrate acquired business and scale the business going forward. The investment was finalised end of 2023.

In connection with the investment round in November, EG secured additional DKK 1,118 million in capital which provides a solid foundation for our continued growth and investment in creating a strong differentiated leader in the vertical software market.

Outlook

Despite volatility related to the continued geo-political and macro-economic situations, we see drivers for growth in our addressable market to be robust and supporting the positive outlook for the Nordic region in the coming years.

The drivers continue to be related to the general need for further digitalisation and the demand for easy-to-use solutions and addressing customers' industry-specific processes. In addition, we expect customers to invest in upgrading their software platforms to improve their security stance to meet latest regulations and improve their resilience of their business. In EG, we are committed to investing in our resources and product development efforts to address our customers' demands and to ensure that we deliver on our promise – to deliver the vertical software of tomorrow.

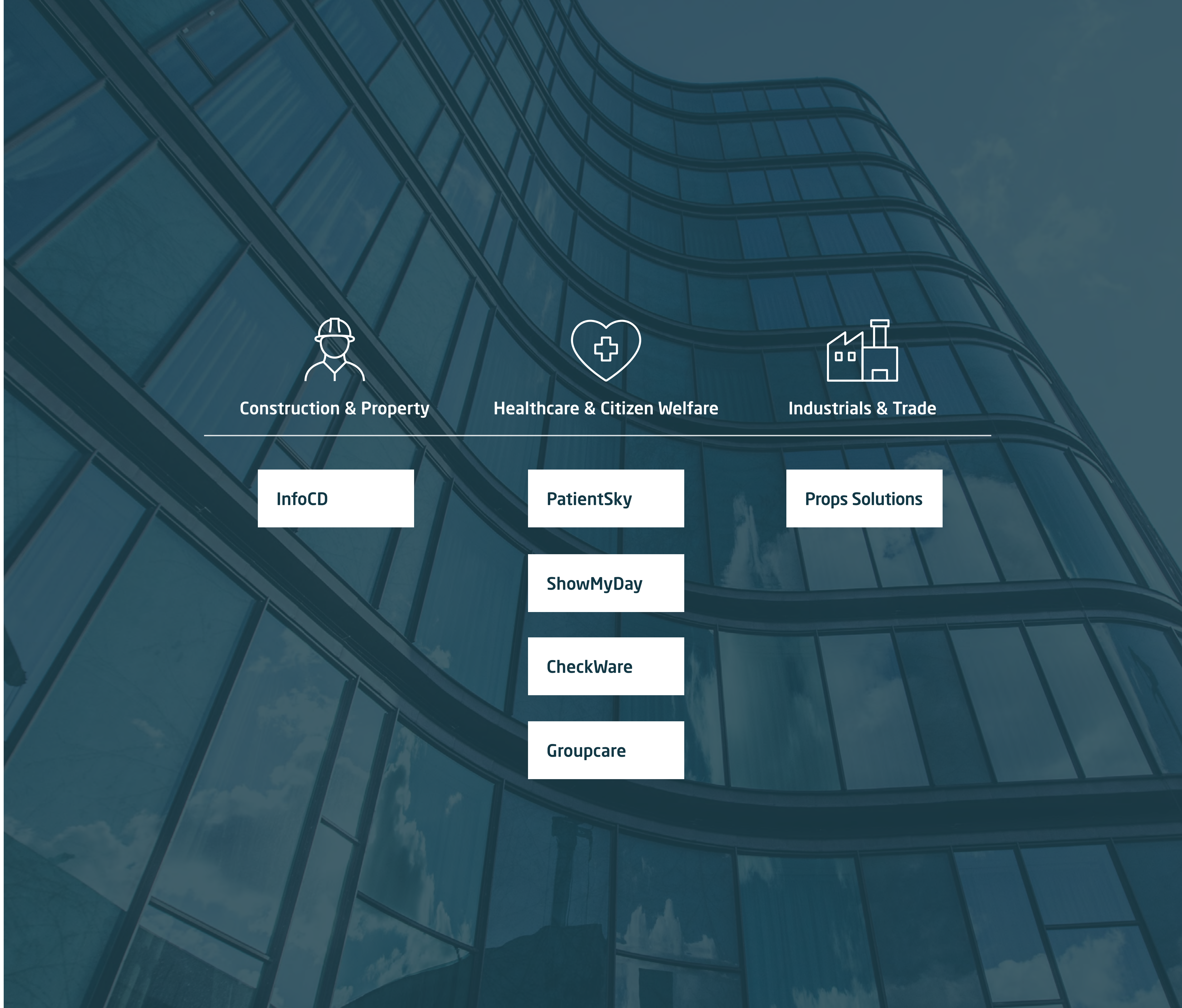
Our outlook remains the same. EG is a resilient business with highly diversified market positions. We expect to continue growing our overall reported revenues by 15-20% per year, with continued positive impact on our profitability and margin as we scale the business.

Yours sincerely

Mikkel Bardram
CEO, EG A/S

Acquisitions in 2023

EG continued to accelerate its market positions and scale through strategic acquisitions in 2023. During the year, six acquisitions were completed, adding complementary software capabilities, domain experts and extended geographic reach across several markets. The six acquisitions added DKK 241 million in proforma revenues during 2023 across EG's three divisions.



EG in brief

EG operates in the attractive Nordic vertical software market, which has demonstrated solid growth over many years, underpinned by strong underlying growth drivers, and with a continued positive market outlook. EG's mission is to be a leading vendor in this market and to enable customers to become industry leaders in their separate markets by deploying EG's vertical software.

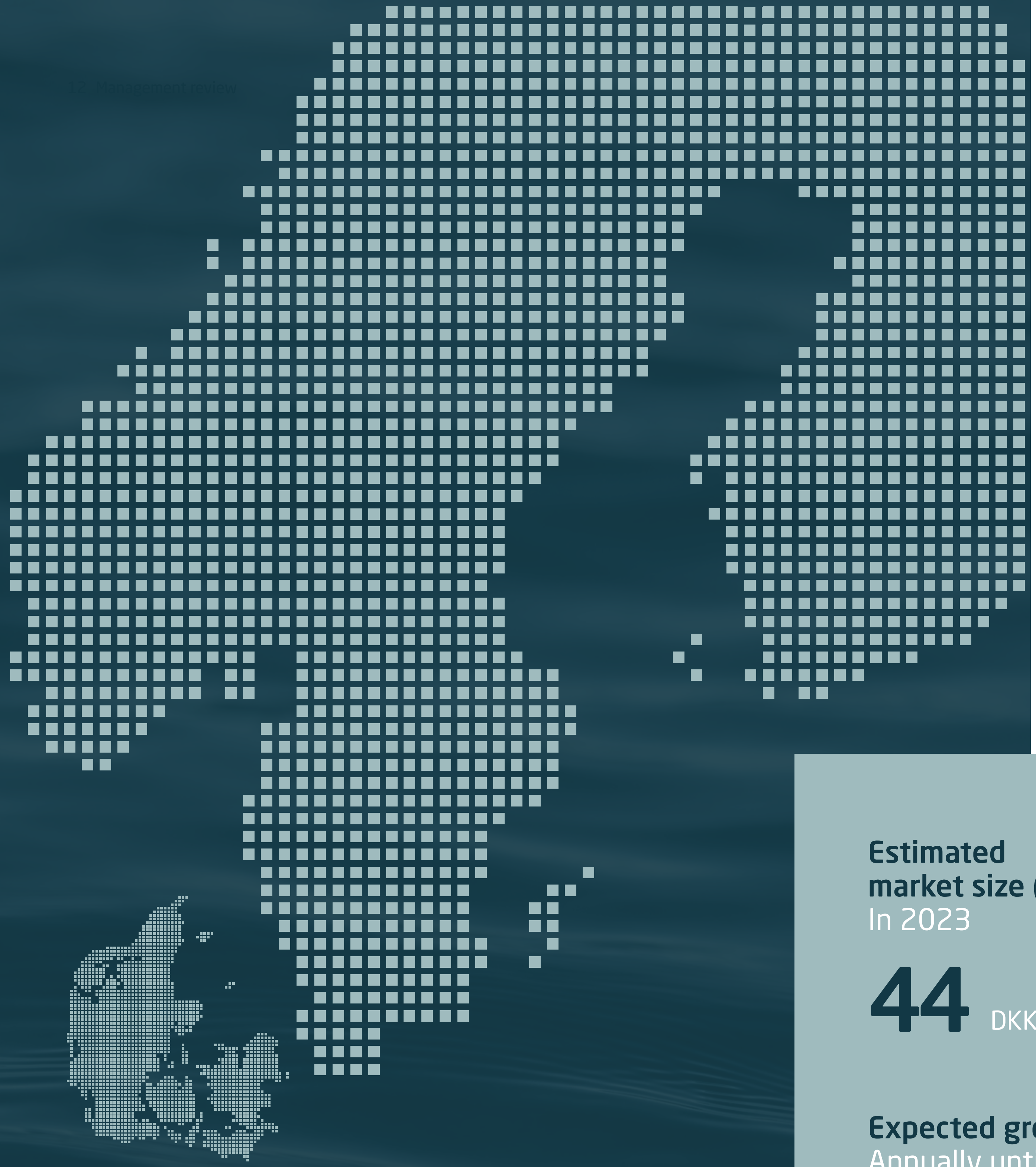
EG develops and delivers proprietary, industry-specific, standard software-as-a-service (SaaS) solutions and other services across several vertical markets. EG holds leading positions across its vertical markets and with an overall size making it the largest, pure play vertical software vendor in the Nordic region.

EG has developed our leading market positions from decades of domain knowledge and experience, making us a trusted partner to our customers as we deliver mission-critical solutions for their daily operations, supported by our more than 2,400 employees.

EG operates through three divisions with business units across several vertical market segments. The business units are supported by the EG operating model, which allows EG to operate more efficiently by leveraging shared services and implementing best practice across the entire company, to the benefit of its customers and other stakeholders.

EG's proportion of recurring revenues has increased steadily over the last few years and reached 83.7% of total revenues in 2023, providing high revenue and earnings visibility for our business, and is further supported by the long-term customer relationship we have. The quality of our revenues and earnings is further supported by high levels of customer retention across all EG businesses and a highly diversified customer and revenue base with low customer concentration. At the end of 2023 EG had more than 32,000 customers and several million end-users who EG serves daily across the Nordic region.

Division	Key vertical markets
Construction & Property	Construction Housing Facility Management Energy Management & Sustainability
Healthcare & Citizen Welfare	Healthcare Social Care Beauty & Wellness Public Case Management Education Legal & Membership Organisations Churches & Cemeteries Occupational Health, Safety, Environment & Quality Public Payroll and Resource Management
Industrials & Trade	Industrials Transportation & Supply Chain Management Retail & Wholesale Utilities



Estimated market size (TAM)
In 2023

44 DKK billion

Expected growth
Annually until 2026

6-8%

The Nordic vertical software market

EG serves customers across several verticals with a combined estimated market size of DKK 8 billion in 2023 (service available market or "SAM"). EG's SAM is expected to grow at 6-8% on average over the coming years.

The total addressable market in the Nordics, including geographies, software functionality, and customer groups in which EG is currently not active was estimated to have a value of approx. DKK 44 billion in 2023.

The underlying growth drivers of the Nordic vertical software market are fuelled by the need to deploy technology to become more efficient in delivering services to customers and citizens, across both private and public sectors. The Nordic region is one of the most advanced regions in the world when it comes to innovating and deploying technology. This has led to the Nordic region being at the forefront of digitalising business activities and processes, typically with close ties to local infrastructure and regulations, making services delivered more seamless for end users, yet more complex to deliver.

These are all factors that have and will contribute to the solid growth of the Nordic vertical software market going forward. They are also factors contributing to high barriers to entry, driven by high product development costs, high customer acquisition costs, and the need for understanding local markets and regulation.

This increasing complexity is putting pressure on smaller vendors and their ability to continue operating independently over time and is the key reason why consolidation of software vendors will continue.

EG's strategic objectives

We believe the key to success is to maintain a strong focus on what is unique in each vertical market while driving scale within and across markets. EG has set three strategic objectives to achieve this:

Establish market leadership in each of our vertical markets

Strong organic recurring revenue growth

Continued margin improvement as the business scales

To achieve these objectives, we have set the following strategic priorities:

Strengthen our market leadership through organic growth

EG seeks to grow organically through investments into continuous product development and innovation with a focus on developing the best SaaS offering in each vertical market, based on specific domain knowledge and industry insights. In particular, EG aims to drive organic Recurring Revenue by leveraging the increasing pace of technological change and customer demand for digitalisation, and to exploit opportunities for upselling with additional features and add-ons. EG is doing so by fostering strong collaboration between its product management and "go-to-market" organisations and by working closely with its customers.

Accelerate growth through strategic acquisitions

The Nordic vertical software market is expected to continue consolidating over the coming years. We believe that EG is a preferred partner amongst many competitors, with track-record of adding value to both companies and their employees joining EG as well as to our combined customers. Since June 2019, EG has completed 35 acquisitions, significantly improving market positions and geographic reach across all our vertical markets, adding complementary capabilities, scale and industry and domain specific expertise. We see plenty of opportunities in the Nordic region to continue accelerating our market positions through strategic acquisitions.

Leverage the EG operating model to achieve scale, efficiency and sharing of best practice

The EG Operating Model provides a common way of working that leverages group-wide tools, capabilities and processes that support core business activities, ranging from product management, software development, "go-to-market" activities, fulfilment, and customer support. This helps our business units to operate more efficiently and bring more value to customers, quicker.

These best practices and shared functions improve operational performance and drive growth, both in terms of revenue and profitability. The EG Operating Model also enables acquired companies to be onboarded quickly and efficiently, finding the right balance between harmonisation and maintaining the uniqueness in each market.

The EG Operating Model

Technology enables Nordic healthcare to treat more patients

The CheckWare Platform is used by South-Eastern Norway Regional Health Authority in Norway to deliver hospital and specialist healthcare services to some 500,000 people in 22 municipalities.

– We want our patients to only need to come physically to the hospital when they actually need it, says Rune Simensen, director of technology and e-health at South-Eastern Norway Regional Health Authority.

One of the first movers in the South-Eastern region is Vestre Viken Health Trust that has established a virtual hospital focusing on user driven patient care.

– The virtual hospital forms the superstructure, while the data and feedback from the questionnaires from CheckWare, means that we can prevent unnecessary attendance at the hospital. It is an important part of our services aimed at different groups of chronic patients, such as epilepsy patients, says Lisbeth Sommervoll, CEO, Vestre Viken Health Trust.

CheckWare empowers the patients

The CheckWare platform empowers patients to actively participate in their own treatment through digital clinical assessments, remote patient monitoring, and web-based treatment programs. The patients self-report from home and healthcare professional benefits from real-time access to patient status and historical data, improving the efficiency of in-person appointments and remote monitoring, which enhances patient engagement and treatment quality, while freeing up resources for direct patient care.

- Digital patient clinics are excellent examples of how technology can be integrated into the provision of healthcare services for the benefit of both the patient and the healthcare staff. Nothing is better than when good use of resources at the hospital coincides with the patient's interests, says Helge Blindheim, Key Account Director, CheckWare.

CheckWare has all major public hospitals in Norway as customers and more than 680.000 patients in Norway, Sweden, and England have used the solution. In November 2023 EG acquired Check-Ware:

– We need to enable the healthcare systems in the Nordics – and all other countries for that sake – to be able to handle still more patients with same or less resources. This call for patient empowerment, innovation and further digitalisation of the healthcare industry. The acquisition of CheckWare represents our stride toward digitising healthcare services for citizens in the Nordic region. This includes digital assessments and treatments to complement our existing offerings, like health certificate, specialist declarations, and Electronic Health Record-solutions, says senior Vice President, Steffen Rugtved EG Digital Welfare.

In 2023, EG also acquired two other software companies within the healthcare space - the Norwegian software company PatientSky and the Danish company ShowMyDay.

EG now holds more than 7,000 healthcare customers and offers a wide-ranging software portfolio supported by more than 350 employees dedicated to software for the healthcare industry.

EG Ajour ensure quality control in Denmark's tallest CO_2 project

78 meters and 20 floors: Denmark's new record-high wooden office building is under construction. The wood supplier, CLT Denmark, has chosen EG Ajour for digital quality control.

"We always have the documentation with EG Ajour, which makes quality assurance very user-friendly," says John Sørensen, project manager at CLT Denmark. He adds:

"With control plans and reports in progress, we can easily quality stamp in terms of moisture content, bracket types, and dimensions".

EG AjourQA is chosen as the digital tool for quality control both before and during construction.

The new wooden high-rise is a sustainability project – and unusual. The building is the tallest wooden building in Denmark to date and an example of future sustainable construction.

Old wind turbine blades and clothing

The wooden office building includes several climate-friendly choices, as the plan is to build the 20 floors in wood and recycle materials in facades, ceilings, windows, and floors: Discarded wind turbine blades are used, for example, in sun shading on the facade and old clothes are recycled and used in insulation.

EG Ajour ensures documentation throughout the entire process

"We use EG AjourQA for quality assurance in both deliveries, pre-assembly, and on the construction site", says project manager John Sørensen.

Wood has a smaller environmental impact than common construction materials such as steel and concrete and is lighter. CLT Denmark delivers certified timber elements for the floors of the high-rise, as well as glued timber for columns and diagonals, and steel brackets that interconnect elements.

The construction will be a total of 14,850 square meters and is expected to be completed in 2024.

Financial review

Financial performance

In 2023, EG generated revenue of DKK 2,346m, an increase of 13.0% compared to 2022, while Recurring Revenue grew 15.5%. Recurring Revenue as share of total EG revenue increased to 83.7% compared to 81.9% in 2022. EG generated an Adjusted EBITDA of DKK 823m in 2023, corresponding to an Adjusted EBITDA margin of 35.1%.

General

In 2023, the financial performance was overall in line with our expectations. We continued to deliver both organic and inorganic growth and solid EBITDA margins in our business operations demonstrating the resilient nature in our business in a year with more macroeconomic instability and challenged financial markets. At constant currency our total reported revenue growth was 17.5% and the recurring revenue growth was 19.9% which was in line with our outlook.

Our overall profits were negatively affected by rising interest rates and the continued investment in our business. Due to our chosen capital structure and the increasing interest rates, we were faced with an almost doubling of our financial expenses compared to 2022. Further, we continued to invest in our internal platform that also enables us to rapidly onboard and integrate acquired business and scale the business going forward. The investment has been transformational for EG and ongoing for the last 4 years and was finalised end of 2023.

Revenue development

Exchange rate fluctuations for the period have had a negative impact on Revenue Growth of 4.5% and 4.4% impact on Recurring Revenue Growth respectively. Measured in constant currencies, Revenue Growth was 17.5% and Recurring Revenue increased 19.9%. Adjusted EBITDA margin was negatively impacted by foreign currency exchange rates with 0.2 p.p.

Organic Recurring Revenue Growth was 5.8% in 2023 and Organic Revenue Growth[1] was 4.3% driven by declining Non-Recurring Revenue, on an organic basis, due to a continued focus on transitioning away from non-scalable revenue sources into a pure Software as a Service (SaaS) model. This continues our focus on driving Organic Recurring Revenue Growth and to increase the Recurring Revenue share of total revenue.

In 2023 EG generated DKK 1,964m of Recurring Revenue compared with DKK 1,701m in 2022, an increase of DKK 263m or 15.5%. In 2023 the proportionate Recurring Revenue of total revenue increased 1.8 p.p. compared to 2022 and ended at 83.7%.

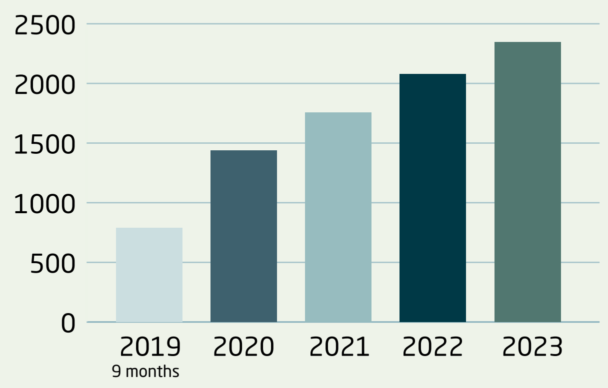
Origin of growth

The development in Recurring Revenue stems from two sources, growth from existing & new customers (Organic Growth) and growth from M&A (Inorganic Growth).

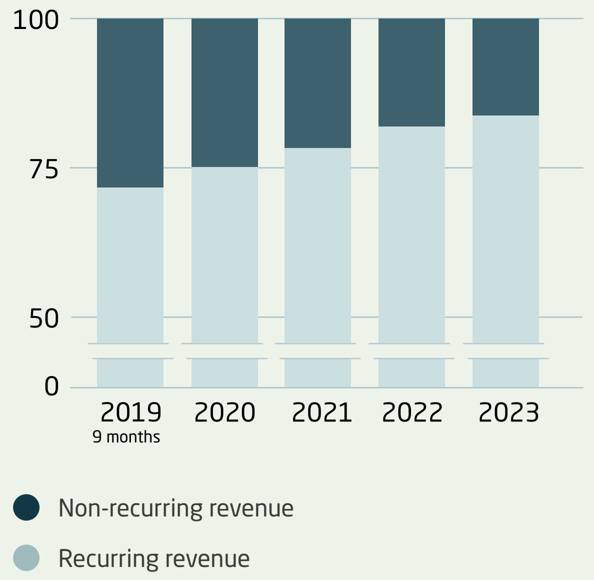
Revenue Growth

	EG	Construction & Property	Healthcare & Citizen Welfare	Industrials & Trade
Constant currency	17.5%	22.0%	18.4%	13.2%
Reported currency	13.0%	18.0%	16.7%	5.3%

EG Group revenue (DKKm)

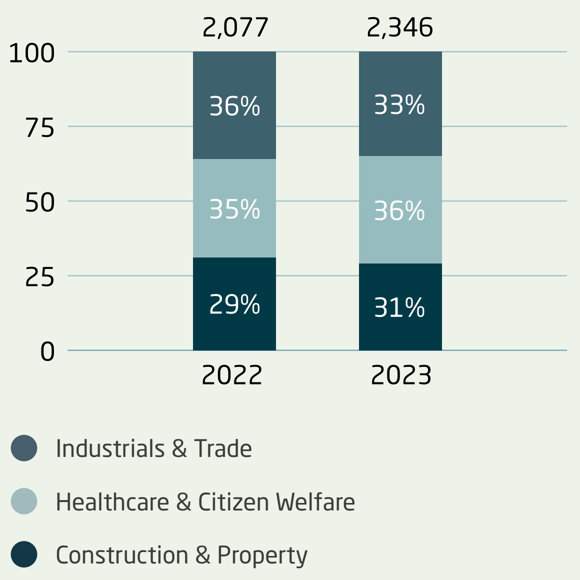


Revenue type distribution

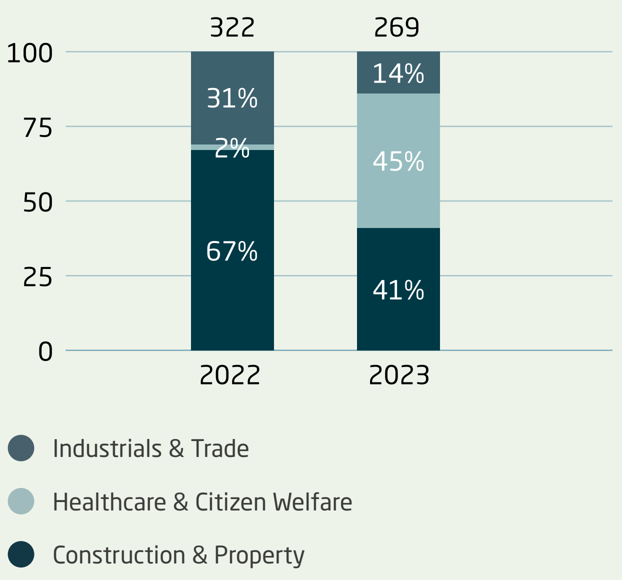


[1] Organic Revenue Growth represents the development of EG's revenue in relation to the corresponding prior accounting period, including revenue from acquisitions completed in the current and prior accounting period as if the acquisitions have been made on the first day of the previous accounting period. Numbers are stated in Constant Currency.

Revenue division distribution (DKKm)



Growth distribution (DKKm)



EG's Organic Recurring Revenue Growth in 2023 was largely driven by expanding our footprint in existing and new markets, increasing our share of wallet with existing customers by expanding our services and upselling new subscription-tied modules and gaining new customers. In 2023, EG's customer base again proved to be highly loyal, further enhancing EG's market leading position within individual verticals. Gross Retention rate ended at 97% compared to the level of 98% in 2022, while the Net Retention rate (the cumulative total contracted and expanded revenue from existing customers) decreased and ended at 103% compared to the level of 104% in 2022, primarily driven by more challenging macroeconomic conditions in some markets compared to 2022, which was offset by a good performance in customer wins.

As an integral part of our strategy, we are enhancing our SaaS offerings leveraging our unique market positions to further drive an increase in Organic Recurring Revenue. In 2023, EG achieved an expansion of customers served leading to an increase in new customers.

The Inorganic Growth in 2023 is partially driven by a full year effect from the 5 acquisitions signed during the financial year 2022, amounting to DKK 139m.

In addition, EG closed 6 new acquisitions in 2023. Those acquisitions added DKK 116m to the revenue, and DKK 241m total full year Adjusted Revenue. The 2023 full year Adjusted Revenue ended at DKK 2,539m, and the 2023 full year Adjusted Recurring Revenue ended at DKK 2,114m, equal to a growth of 16.0%.

In 2023, EG generated DKK 382m of Non-Recurring Revenue compared with DKK 376m in 2022, a slight increase of DKK 6m. Despite an economic slowdown in some of our markets, we have managed to maintain the levels from last year while also placing a strengthened focus on selling standardised SaaS solutions.

Revenue by Division

In 2023 we launched new divisions, to bring our industry knowledge more closely together to help solve fundamental challenges for our customers and their ecosystems. This has in turn resulted in discontinuation of the Private and Public segments and the creation of Construction & Property, Healthcare & Citizen Welfare, and Industrials & Trade divisions.

Revenue from the Construction & Property division increased by DKK 109m, or 17.9%, from DKK 609m in 2022, to DKK 718m in 2023. This increase was driven by an increase in Recurring Revenue of 19.8%, and Non-Recurring Revenue of 4.1%. Recurring Revenue made up 87.9% of total Construction & Property division revenue for 2022, and 89.3% of total Construction & Property division revenue for 2023.

Revenue from the Healthcare & Citizen Welfare division increased by DKK 121m, or 16.6%, from DKK 729m in 2022, to DKK 850m in 2023. This increase was driven by an increase in Recurring Revenue of 19.1%, offset by a decrease in Non-Recurring Revenue of 1.1%. Recurring Revenue made up 87.5% of total Healthcare & Citizen Welfare division revenue for 2022, and 89.4% of total Healthcare & Citizen Welfare division revenue for 2023.

Revenue from the Industrials & Trade division increased by DKK 39m, or 5.3%, from DKK 739m in 2022, to DKK 778m in 2023. This increase was driven by an increase in Recurring Revenue of 6.6%, and Non-Recurring Revenue of 1.9%. Recurring Revenue made up 71.5% of total Industrials & Trade division revenue for 2022, and 72.4% of total Industrials & Trade division revenue for 2023.

Revenue distribution on geography & customers

The revenue in EG is distributed across the Nordics, with Denmark and Norway being the largest contributors to EG revenue. In 2023 EG further extended its activities across the Nordics, adding to all geographies in particular with the acquisitions in Norway, significantly expanding our Healthcare business and with the acquisition in Sweden increasing our footprint in the Utilities vertical.

Customer concentration has decreased in 2023 due to further diversification across markets and higher share of business within the mass market solutions where customer concentration is low.

Cost development

Operating cost increased by DKK 188m, or 13.9%, from DKK 1,351m in 2022 to DKK 1,539m in 2023, amounting to 65.6% of revenue and slightly higher than 2022. The relatively stable operating cost proportion of revenue was supported by the higher share of recurring revenue but slightly offset by additional cost from acquisitions.

The cost of providing services increased by DKK 26m, or 8.7%, from DKK 298m in 2022 to DKK 324m in 2023, amounting to 13.8% of revenue, down 0.5 p.p. The decreased relative share of revenue is tied to the growth of the business and was especially supported by the scalable nature of our recurring business and higher share of recurring revenue.

Staff costs increased by DKK 100m, or 12.2%, from DKK 817m in 2022, to DKK 917m in 2023, amounting to 39.1% of revenue, down 0.2 p.p. The relative decrease in staff cost was primarily driven by a lower average staff cost per FTE, driven by a significant ramp-up in EG India combined with a focus on creating a more balanced employee profile by working with optimising the employee mix.

The average number of full-time employees increased by 315 or 19.2% from 1,638 in 2022 to 1,953 in 2023. At year-end it was 1,992 compared with 1,786 at the end of 2022, an increase of 206 full-time employees.

Other operating income/expenses increased by DKK 62m, or 26.3%, from DKK 236m in 2022 to DKK 298m in 2023, amounting to 12.7% of revenue, up 1.3 p.p. The increase was driven by an increase in IT cost related to improved cyber security combined with increased cost of operating our facilities, offset by continued focus to drive scalability in the business, by utilising group-wide vendor agreements, consolidating offices, and in general reducing external consultancy spend.

Earnings performance, EBITDA and adjusted EBITDA

EG's EBITDA was DKK 807m and Adjusted EBITDA was DKK 823m, corresponding to an adjusted EBITDA margin of 35.1%. Compared to 2022 the Adjusted EBITDA increased DKK 78m with a relatively stable margin. The margin was negatively impacted mainly by three items; foreign exchange currency rate fluctuations, 0.2 p.p., investments in cyber security 0.5 p.p., and 2023 M&A activities with lower margins than the rest of EG 1.4 p.p., offset by margin expansion driven by revenue growth in our recurring business. The Recurring Revenue Growth increases the share of our high margin recurring business compared to the margins in our non-recurring business.

Loss for the year and Adjusted Profit

Consolidated profit for the year amounted to negative DKK 475m. The result is negatively impacted by increasing financial costs from the higher interest rates, amortisations on acquisitions, and the continued investment in our internal platform enabling us to rapidly onboard and integrate acquired business and scale the business going forward.

Adjusted Loss for the year amounted to DKK 82m which excludes amortisations from acquisitions, tax effect related hereto, share based payments, and special items.

Special items amounted to DKK 178m and included external costs related to acquisitions and Non-Recurring Costs related from the implementation of the EG Operating Model and the establishment of EG India. In 2023 we finalised the investments in the implementation and roll-out of the EG Operating Model.

Balance sheet

Compared with 2022 Intangible assets increased by DKK 750m from DKK 6,878m to DKK 7,628m after amortisations. Acquisitions added DKK 1,007m to intangible assets and internal development projects added DKK 207m.

Goodwill was DKK 4,795m end 2023 compared with DKK 4,327m end 2022.

The carrying amount of acquired software was DKK 359m compared with DKK 312m at the end of 2022 and the value of customer relationships was DKK 1,802m compared with DKK 1,616m at the end of 2022. The increases were mainly due to acquisitions, offset by amortisations and currency adjustments.

Completed and development projects in progress amounted to DKK 600m end of 2023, up DKK 83m from 2022. EG remains committed to continue investing in its products and expects the investment to follow the ordinary business growth.

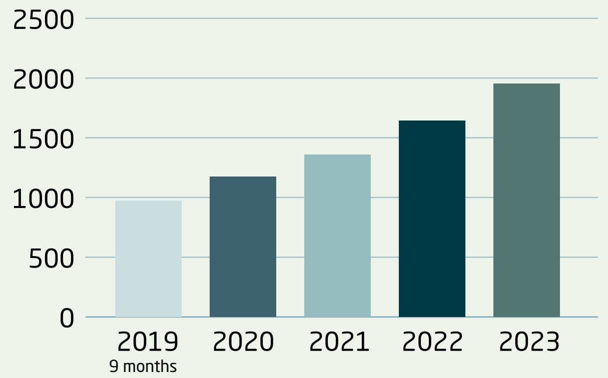
Trade and other receivables increased from DKK 248m end of 2022 to DKK 379m end of 2023. Besides driven by the business growth, the increase was caused by a delay of cash-in from debtors at year-end and a temporary rescheduling of invoicing patterns during the onboarding process of EG business units to the EG Operating Model.

EG's equity amounted to DKK 1,189m on 31 December 2023. This was an increase of DKK 336m compared with end 2022, which was mainly driven by received group contribution of DKK 830m in connection to the addition of a new group of investors and offset by negative comprehensive income in 2023 of DKK 510m.

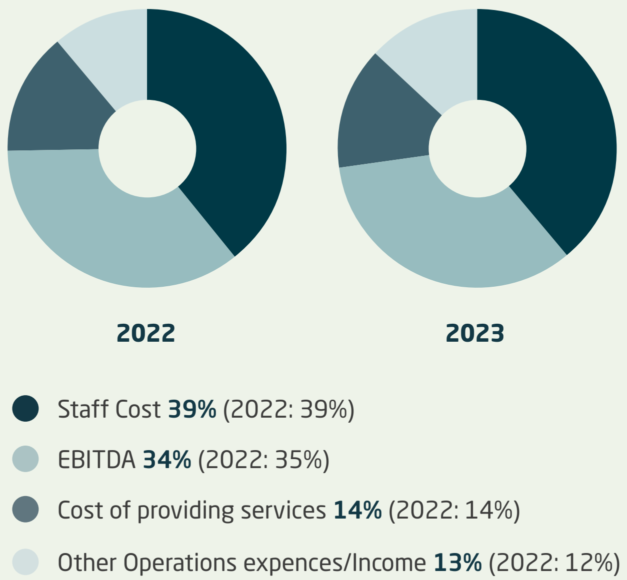
The addition of the new group of investors also provided the issuance of a subordinated loan from parent companies of DKK 340m, which is to provide funds for future acquisitions.

By the beginning of 2023, EG had non-current gross borrowings, excluding capitalised borrowing costs, of DKK 5,291m, and remaining committed facilities of DKK 576m related to our committed Incremental Facility in addition to an overdraft facility reserve of DKK 250m. Mid 2023 we increased the committed acquisition facility with an Incremental Facility of DKK 1,118m. During 2023 we have drawn down DKK 1,155m to finance 6 acquisitions. End of 2023 we had non-current gross borrowings of DKK 6,221m, excluding subordinated debt from parent companies. Entering 2024 we have an available committed Incremental Facility with a remaining drawdown capacity of

Average number of full-time employees



Revenue rations



DKK 739m in addition to a cash position of DKK 624m and an available overdraft facility of DKK 250m. Hence net available liquidity entering 2024 amounts to DKK 1,613.

Cash flows

Management considers Adjusted Free Cash Flow as the relevant indicator for EG's underlying cash generation. Adjusted Free Cash Flow was DKK 378m compared with DKK 363m in 2022. The Adjusted Free Cash Flow was positively impacted by improved EBITDA performance of DKK 81m, decrease in income tax paid of DKK 54m, and offset by a negative development in movement of net working capital of DKK 93m compared to 2022.

Cash flows from operating activities generated a net cash inflow of DKK 445m versus DKK 420m in 2022, driven by the above mentioned.

There was a net cash outflow of DKK 1,133 m from investing activities compared with DKK 1,133m in 2022. The unchanged cashflow comprises a higher amount invested in intangible assets and property, plant and equipment of DKK 250m in 2023 compared to DKK 226m in 2022, offset by a decrease to DKK 883m used for acquisitions in 2023 compared to 907 in 2022. EG's investments in intangible assets primarily comprised capitalised development cost of DKK 207m as investment in products and services continued, while DKK 43m was invested in tangible assets.

There was a net cash inflow of DKK 1,357m from financing activities compared with DKK 718m in 2022. The higher inflow in 2023 was driven primarily by the received group contribution of DKK 830m and the received loan of DKK 340m, both in relation to the addition of the new investors. As part of this process the maturity of our committed facilities was extended from 2026 to 2028 supporting our continued ability to further growing and investing in the company in the years to come.

Financial expectations and results for 2023

In the 2022 Annual Report, EG announced that the 2023 expectations for revenue growth before additional M&A was 15-20% and Adjusted EBITDA margin would be either on a level or slightly improved compared to the 2022 Adjusted EBITDA margin level of 35.9%. We continued to deliver organic growth and have momentum in our M&A activities leading to the revenue growth of 13.0%, which was slightly below our expected 15-20%. Adjusting for the currency impact we would have been at 17.5% and in the middle of the expected range. Hence, management is satisfied with the revenue growth also taking the macroeconomic trends of 2023 into consideration. EBITDA margin slightly decreased in 2023, which despite the expected "slightly above 2022", management finds satisfactory, as the decrease is caused by the impact from M&A that in 2023 joined EG with a significantly lower margin than EG. Management is confident that the margin levels of the acquired companies will increase to the EG standard.

Events after the reporting date

No significant events have occurred after the end of the financial year that affect the 2023 financial statements.

2024 outlook

EG has positive financial expectations for 2024 and predicts a year of continued growth and strengthening of the company's leading market position in the Nordics. Overall, 15-20% revenue growth is expected to be driven by continued growth in subscription-based revenue. Further, it is expected that the Adjusted EBITDA margin will be slightly above 2023.

Business combinations

In December 2023, EG signed the acquisition of Zeroni Oy, a leading building site access, workforce, and supplier management vendor. The acquisition is subject to the Finnish foreign direct investment regulation. The addition of Zeroni to EG Construction is highly complementary, adding new software capabilities, new customer segments and expanding EG's geographic footprint, both in Finland and Sweden. Zeroni reported EUR 2.9 million in revenues in 2023 and had 21 employees at the end of the year.

Ongoing offering

In February 2024, EG announced a recommended public offer to acquire the shares in Swedish listed software company, Mestro AB.

Mestro is a leading vendor of Energy Management Systems in the Nordic Region. The combination of Mestro and EG represents an opportunity to further strengthen this position through continued support of development plans and growth ambitions, both locally and internationally. Together with Mestro, EG can support property managers, operational personnel, and tenants to, not only monitor, analyse, and manage their energy and sustainability efforts, but also to optimise other processes related to developing and operating their facilities, including facility management, lease management, and workplace management, where EG has strong and complementary products.

Divisional highlights

Construction and Property Division

Division overview

The EG Construction & Property division accounted for 31% of EG's revenues in 2023, equivalent to DKK 718 million with a reported EBITDA of DKK 251 million. The division offers SaaS to more than 17,000 customers across a broad array of activities spanning the entire property value chain. The division is one of the leading vendors in the Nordic region and continues to benefit from strong demand driven by customers' need to address sustainability and efficiency related to construction and property management activities.

In Construction, the division's offerings range from cost calculations, quotations & budgeting, project administration & management, inspection and quality insurance documentation, health and safety, construction site access, to workforce and supplier management. The division's SaaS offerings are used by property developers, architects, engineering companies, contractors, construction companies, and craftsmen in general, to handle the very broad range of activities included in construction services.

Within Property, the division offers solutions for facility management that supports management of operations, maintenance, real estate portfolio and financials. The division also offers solutions for energy management as well as sustainability reporting. For administrators of office buildings, there are solutions for workspace management, ensuring high utilisation and flexibility of office space. For public and private housing providers, there are solutions for tenant management as well as tenant communications.

New products and modules

2023 was another busy year for the division with a significant number of new product introductions and upgrades. Some notable highlights within Construction include the full launch of EG's life cycle assessment (LCA) software module as part of EG's cost calculation and quotation offerings. This enables property developers a "sustainability-first" focus in any building project and offers a significantly easier way to meet government reporting requirements, aimed at reducing CO_2 emissions in the construction industry.

Other noteworthy launches include a new, fully digitalised and automated service to approve and manage work permits directly with the Norwegian Labour Inspection Authority, significantly improving health & safety and authority reporting as well as reducing admin work for companies in the construction industry. EG Construction Site, EG's complete platform for construction project management and documentation, launched a new feature which enables its customers full collaboration and sharing of relevant project data with any company in the construction industry, even if they are not a customer of EG. This brings digitalisation to a new level, benefiting all stakeholders in construction activities. Finally, during the year all relevant software offerings in Denmark were upgraded to comply with the new Danish bookkeeping act.

Constant Currency Revenue Growth
Construction & Property
22.0%

Constant Currency Revenue Growth
Healthcare & Citizen Welfare
18.4%

Constant Currency Revenue Growth
Industrials & Trade
13.2%

In Property, one of EG's core products within facility management, EG MainManager, launched new product features including facility checklists, inspections and handling of work orders. Facilit, one of our key facility management products for public sector customers launched new product features enabling seamless transition of BIM documentation from property development projects to property operations, and the other way around. Both these product launches significantly improve the level of digitalisation in business processes and the user experience in property management.

The EG Worksense product, which helps optimise employee experience and space utilisation within office buildings, launched new space booking and floor plan visualisation features, enhancing the user-experience for employees, and providing more granular space usage insights to real estate managers.

In our energy management and sustainability area (EMS), EG launched a new sustainability reporting module which helps customers gain better insight into their carbon footprint and environmental impact. In addition, new product upgrades were launched enabling support for 15 minutes interval reading of energy data, which significantly enhances insight and understanding for "near" real time sustainability impact.

Similar to EG's construction products, all of EG's property SaaS offerings were upgraded and compliant with the latest regulations related to the Danish book-keeping act during 2023.

Select customer wins

The division added several new and important customers during the year, including Anfra Oy, one of the largest infrastructure and concrete companies in Finland with operations in Finland and Sweden. Other notable customer wins included NAV, the Norwegian labour and welfare administration agency; Senate Properties, the state owned and largest property owner in Finland; Salling Group, the largest retailer in Denmark; and Municipality of Copenhagen, the largest municipality of Denmark and owner of residential and public property.

Acquisitions

In terms of strategic acquisitions, the division acquired InfoCD in May 2023, a document management specialist within the Danish housing market. The business has since been integrated with EG's business addressing the housing and facility management markets. The combination with InfoCD improves our combined offering toward customers and their entire process related to document management for building construction activities, properties, and residents.

In December 2023, EG signed the acquisition of Zeroni Oy, a leading building site access and workforce and supplier management vendor. The acquisition, which is subject to the Finnish foreign direct investment regulation. The business is to be formally part of EG Construction.

Healthcare & Citizen Welfare Division

Division overview

The EG Healthcare & Citizen Welfare division accounted for 36% of EG's total revenues in 2023, equivalent to DKK 850 million with a reported EBITDA of DKK 265 million. The division offers a broad portfolio of SaaS tools to 12,000 customers and their professionals across many activities within healthcare and public sector care and services. These customers and their professionals address the needs of a broad range of citizen personas, such as patients, senior citizens, children, young adults, parents, families, membership organisations, as well as employees at hospitals, schools, and other public sector organisations.

The division is a leading vendor and serves several vertical markets, such as primary and secondary healthcare, social and specialist care, citizen case management, education, legal and member organisations, and payroll / resource management for Danish regions and municipalities.

In the primary and secondary healthcare segments, the division offers fully digitalised admin systems for GPs' and treatment specialists' day-to-day tasks, including management of patients, clinical decision support, and electronic healthcare record systems, fully integrated into the Nordic public sector infrastructure. The division also offers leading solutions for digital assessment and remote patient monitoring and treatment. This enables hospitals and specialist physicians to safely connect to and engage with patients remotely, leveraging digital access to forms and treatments based on latest medical science and the hospitals' pre-approved documentation requirements and processes. This provides significantly improved care and efficiency across several healthcare areas, including both mental and physical treatments. In addition, the division provides solutions to help manage other citizen healthcare related processes, such as healthcare certificates and medical forms required as part of certain public sector case management processes, for example obtaining a driving license. These are standardised and fully digitalised forms enabling self-services for citizens with significantly improved user-experience and efficiency whilst in compliance with required data and security requirements.

In social and specialist care, EG Sensum offers a comprehensive platform for case managers, social workers and other professionals in their jobs of supporting citizens with special needs. The platform enables public authorities to safely collaborate and share information with both private and public institutions. EG Sensum gives both structure and a holistic view to the efforts and resources put into serving our citizens, with significant benefits to the citizen in need and his/her family.

In citizen case management, education, legal and non-profit organisations, EG is providing segment-specific SaaS tools, generally enabling customers to manage processes and resources required for case management at public sector organisations, management of pupils and students at various kinds of schools and universities, management of customers' business and other processes related to legal and non-profit organisations as well as other types of public and semi-public services, such as churches and cemeteries. In addition, the division offers a specialist SaaS platform to manage processes related to occupational health, safety, environment and quality (HSEQ) across both public and private customer segments.

In payroll and resource management, EG is providing payroll and employee rostering solutions to Danish municipalities, regions, and other public sector organisations. EG is a vendor in this market with long experience in handling complex public payroll rules and related staffing solutions, bringing real value and insight to its customers when planning and prioritising workflows at, for example, hospitals based on type of healthcare activity and specialists required for the treatment.

New products and modules

In 2023, several new modules and updates were introduced to the market. Some notable highlights in healthcare included new features and integrations related to EG's suite of SaaS offerings (EG Infodoc, EG PatientSky Clinic and EG Hove Total) addressing specialist doctors, GPs and physio therapists in the Norwegian market. These solutions were upgraded with new features offering integrations to Norway's Helseplattform (the Norwegian platform for health and care services). Moreover, additional integrations were completed offering seamless

connections with more medical devices as well as connections to all Norwegian hospital regions, through which lab results can be shared across any hospital in Norway.

In EG's suite of SaaS offerings for the Danish healthcare market, EG Clinea and EG WinPLC, both progressed well with their respective strategic projects related to MedCom, the Danish government owned, non-profit organisation with the aim of improving Danish healthcare. EG Clinea implemented the first phase of introducing the "Intelligent Inbox", which is an automated system for efficient handling of bio-chemical lab results. EG WinPLC continued its work on developing its Clinic Cockpit framework, which enables GPs to prioritise and allocate their time more efficiently based on patients' needs.

EG Dental launched its new software suite for Danish dental clinics with improved UI and patient call functions. The new and updated product suite is aimed at broader adoption in the Danish market and addresses the need for more effective work processes in the resource-challenged Danish dental clinics.

EG's solution in the Danish treatment markets, EG ClinicCare, was upgraded with several new integrations to the Danish health organisation (sundhed.dk), which is backed by the Danish public sector. The integrations include seamless access to Sentinel, a database providing national healthcare statistics, and Fodstatus, a national journal system for podiatrists. In addition, EG ClinicCare is now integrated to Behandlerbooking, the organisation set up by Danish healthcare insurance providers, to enable patients easier access to treatments.

In social and specialist care, EG Sensum One, was launched as a new platform for specialist care. The offering is fully modular, SaaS-based and offers total flexibility for users, depending on their need, yet offers full collaboration on the same platform with safe and secure communication and sharing of information between all users.

In occupational HSEQ, EG SafetyNet launched a new module for Chemical Management that ensures that safe work processes and documentation are in place to employees and supervisors when handling hazardous chemicals and materials.

Select customer wins

The division had several significant wins during 2023. Checkware signed its largest ever frame agreement for digital remote monitoring with the largest Norwegian region for "Helse Sør-Øst" (Healthcare for South-East). This will help the hospitals within the region to gain faster access to digital solutions and, through this, increase much needed healthcare capacity.

In education, EG managed to re-win is agreement with the Municipality of Copenhagen to continue deliver the SaaS offering supporting the municipality to provide services and educational guidance for young adults in Copenhagen.

In payroll and rostering, EG won a large contract to provide payroll and related rostering solutions to the Municipality of Aarhus.

Acquisitions

In April 2023, EG acquired PatientSky SaaS Norway, which strengthened EG's capabilities for the healthcare sector in the Nordic region, including providing EG with a geographic footprint in the Norwegian market, focused on providing electronic healthcare records to general practitioners, specialist doctors and physiotherapists. The acquisition provides EG with further scale and domain expertise to be able to continue innovate and improve our solutions to meet the healthcare sector's increasing requirements.

In April 2023, EG acquired ShowMyDay, which is an application helping individuals with autism or autism-like challenges. ShowMyDay will be integrated into EG's Sensum One suite of products and will help support the increasing trend of more young people being diagnosed with autism.

In November 2023, EG acquired CheckWare, the Norwegian digital assessment and remote monitoring and treatment specialist. The CheckWare solution offers hospitals, clinics, and municipalities a way to deliver digital healthcare services to their patients and significantly adds to these institutions ability to deliver more and better services using their available resources today. The CheckWare offering is highly complementary to EG's existing offerings and aligned with EG's strategy to help digitalise the overall healthcare market.

In November 2023, EG acquired Groupcare, a provider of specialised digital membership solutions that streamline the management of member and course data, as well as finances, for both smaller and larger organisations. The software is currently used by several significant organisations and associations in Denmark, Sweden, and Norway and is highly complementary to EG's existing capabilities in this area.

Industrials & Trade Division

Division overview

The EG industrials & Trade division accounted for 33% of EG's total revenues in 2023, equivalent to DKK 778 million with a reported EBITDA of DKK 291 million. The division offers SaaS solutions across three key vertical market segments, including Industrials, Retail & Wholesale, and Utilities & Energy, and helps to improve digitalisation and insights into sustainability across the overall value chain for goods and products – ranging from manufacturing, distribution and retailing to the use and management of utility and energy resources.

In Industrials, EG offers vertical SaaS ERP solutions to customers in discrete and process manufacturing and road transportation, supporting businesses processes related to, for example, material handling, production processes, logistics, and driver and goods management. In the same segment, EG is also providing SaaS solutions to help customers manage and meet certain industry standards in business processes related to asset management, maintenance and quality.

In Retail & Wholesale, EG provides a full omni-channel retail SaaS suite, including POS as well as solutions for eCommerce, logistics, inventory management and analytics. EG is also serving wholesale customers in the building supply and fashion markets with vertical SaaS ERP offerings, including functions related to order and delivery management, inventory and logistics.

In Utilities & Energy, EG offers a broad set of SaaS solutions to utility and energy suppliers, supporting customers with business processes related to, for example, customer service and communication, B2B and B2C billing services, production and consumption data, payment and collection, business intelligence and analytics, cross-border energy trading, and price and energy usage forecasting.

New products and modules

In 2023, several new modules and updates were introduced to the market. Some notable highlights in Industrials include, for example, new features and integrations related to an upgraded dashboard for road transport planning and performance management as well as a new module related to real time tracking of trailers and goods. These new features improve the user-experience and help optimise the use of resources.

In the Retail & Wholesale segment, EG launched a new self-service monitor app which provides retailers with real time updates on ongoing self-service sales and with a function for customers to request assistance, if needed. This is a new way of interacting with customers and enables both improved user-experience as well as more efficient use of resources in the store.

In the Utilities & Energy segment, a new billing module was launched as part of EG Zynergy, providing an efficient application for managing invoices and payments to and from customers. The solution is modular and enables full flexibility for users in relation to how, when, and where to invoice customers, depending on their contractual set up with the utility provider. The solution also provides for an efficient way of internal reporting and business insight.

Select customer wins

In our Industrials segment, DSV, the Danish transport and logistics company offering global transport services by road, air, sea, and train, expanded its existing business with EG. Similarly, PostNord Logistics, extended its agreement with EG for further business support in road transportation.

In Retail and Wholesale, Eurosko, the largest foot apparel retailer in the Nordic region chose EG's retail solution for its stores. Heinemann GmbH, one of the largest travel retailers in the world, chose EG to provide its tax-free stores globally with EG's proprietary POS and retail solutions.

In Utilities & Energy, Vattenfall, the largest utility provider in Sweden, signed an agreement with EG to provide its suite of billing solutions to its B2B customer segment in Denmark, and for further expansion in the Nordic region. EVIDA, the Danish gas grid company, signed a 10-year agreement with EG for its Xellent 365 product.

Acquisitions

In May, EG acquired Props Utility Solution, a Swedish full-service utility billing provider with several strong software solutions, including invoicing, metering management, supplier switching, component information and work orders. In addition, Props Utility Solution offers a full BPO service, combining both SaaS and BPO as a package deal to customers in Sweden, Norway, and Finland. The acquisition complements EG's existing utility offering and strengthens EG's position in the Nordic region to both existing and new customers.

Environmental, Social and Governance

As a leading Nordic vertical software company with both public and private customers we have a substantial impact on the world around us.

Customers, employees, investors, and society at large depend on EG to balance the interests of all stakeholders. We take our corporate responsibility seriously and it is integrated in the way we make decisions and do business.

EG is committed to the UN Global Compact and we continuously drive initiatives to ensure that we prioritise UN's sustainable development goals and are transparent about our progress.

As a company, we want to be:

- a climate positive software company;
- a diverse and unified world class working place; and
- an honest, trusted, and accountable software company.

Statutory reporting of EG A/S' requirements of the Danish Financial Statements Act section 99 b

The governing body of EG A/S, which is the Board of Directors elected at the annual general meeting, composes an unequal share of genders with the underrepresented gender accounting for 14%, which the Board does not find satisfactory. EG's short term goal for the gender share composition of the governing body is at least two women on the board by 2025, which would constitute an equal share.

The gender composition for EG A/S of other managerial levels, as defined by the Danish Business Authority in the Danish Corporate Act section 139 c, sub section 4, is 0 females to 2 males, thus the underrepresented gender constitutes no share.

The Parent Company, EG A/S, employs less than 50 employees, hence is excluded from the requirements of the Danish Financial Statements Act section 99 b, sub section 4.

Statutory reporting of EG A/S, with less than 50 employees

	2024 Target	2023	2022	2021	2020	2019
Board of directors						
Female	2	1	1	1	-	-
Male	5	6	5	5	-	-
Total	**7**	**7**	**6**	**6**	**-**	**-**
Underrepresented gender proportion	29%	14%	17%	17%	-	-
Other managerial levels						
Female		0	0	0	0	0
Male		2	2	2	2	2
Total		**2**	**2**	**2**	**2**	**2**
Underrepresented gender proportion		-	-	-	-	-

EG measures managerial levels on 5 levels. The two highest levels, referred to as top management, comprises a share of the underrepresented gender of 18% for 2023. Management is working towards increasing the number of women in top management and has a set target of 25% by 2025. The long-term goal of women in top management is to achieve a share of women proportionate with the gender composition of all positions.

Women make up 34% of the gender composition of all positions within EG, which is in line with management's goals of a female/male diversity balance substantially higher than the average in the Danish tech industry. Compared to 26% in the Danish IT-industry, according to IT Brancheforeningen/ITB, management finds the share of women in all positions of 34% satisfactory.

The higher-than-average share of women in all positions is also reflected in the share of women on all managerial levels, of which 30% is occupied by women. Management is working towards increasing this number to 34% to be in line with the gender composition of all positions.

In 2023, EG has continued an enhanced focus on Diversity and Inclusion. EG's Global Diversity Committee have had an increased focus on Inclusive Leadership with the purpose of guiding and supporting the leaders in EG to foster a more inclusive culture. In EG's Nordic Leadership Training there is a continued focus on Diversity and Inclusion and 73% of the participants were women.

The following is a brief introduction to EG's ESG activities. For more details on initiatives and objectives regarding environment, social and governance, please read the full ESG Report 2023, which includes progress on the commitment to the UN Global Compact and statutory corporate social responsibility report required under section 99a, and of the Danish Financial Statements Act.

The latest ESG Report be found at **www.eg.dk/esg-report**.

Environmental

EG wants to be climate positive by 2030. EG has determined GHG emissions, energy management, climate risk and pollution and waste to be significant topics for our business. In 2023 we have progressed well towards our environmental targets.

Key environmental initiatives and achievements in 2023

In 2023 we:

- expanded entity scoping for Scope 1 and 2 GHG emissions;
- bought 1,287,532 kWh GHG-neutral and renewable energy for our facilities in Denmark, Norway, Sweden, and Finland for which we are billed directly;
- reached 100% wind power consumption for our facilities in Denmark;
- changed our energy consumption in Sweden and Norway to be GHG neutral and renewable energy;
- increased the share of renewable electricity from 62% to 64%;
- further implemented our Energy and Sustainability Management System, EG Omega/EG EnerKey at our own facilities;
- further reduced energy consumption through optimisation of office space utilisation by implementing our proprietary tool, EG WorkSense; and
- established several partnerships in order to share our knowledge and improve our solutions.

Social

EG wants to be a diverse and unified world class working place. EG has determined employee turnover rate, employee health and safety, wage level and equal pay and diversity and inclusion to be significant topics for our business. In 2023 we have progressed well against our social targets.

Key social initiatives and achievements in 2023

In 2023 we have:

- been nominated for the Danish Diversity Award May 2023 in the category "Companies with more than 500 employees";
- signed Gender Diversity Pledge June 2023 (Dansk Industri);
- 73% female participation in our annual Leadership Training Nordic course. 56% female participation across all Leadership training;
- introduced bias guide for recruiting managers and introduced inclusive leadership in our Leadership training;
- strong anti-discrimination policy;
- 34% women among all managers hired last twelve months;
- hired 2 female SVP and increased female BU management from 8% to 17%;
- acquired two companies with female CEO;
- increased awareness of EG Core Values with an improved score from 8.0 to 8.2;
- employee engagement score increased from 7.8 to 7.9; and
- increased use of our Volunteer Program which allow employees to take paid time off to volunteer to support social, environmental or health objectives of their own choice during work hours.

Corporate governance

EG wants to be an honest, trusted, and accountable software company. EG has determined transparency and reporting, data privacy and cyber security, ethics and compliance, human rights, anti-corruption and bribery to be significant topics for our business. In 2023 we have progressed well against our governance targets.

Key governance initiatives and achievements in 2023

In 2023 we have:

- introduced Security Business Partners to increase alignment of security with the business;
- reached goals set for the 2023 security program and extended the scope of controls;
- completed rollout of endpoint detection and response solution, and monitoring services across the entire organisation;
- extended use of best in class cybersecurity technologies;
- raised cyber security focus and culture across all employees;
- monitored and assessed current and emerging cyber security threats and ways to effectively adapt and respond to protect EG assets;
- completed the merger of 22 companies;
- implemented standard articles of association, rules of procedure, and instructions to the executive management in all group companies;
- implemented common procedures for the appointment of management and board members in all group companies;
- established standard customer contracts to be offered in acquired companies;
- adopted and implemented AI Policy;
- performed supply chain due diligence in accordance with new Norwegian legislation; and
- improved EG compliance setup to meet new regulatory obligations.

EG has a two-tier governance structure consisting of the Board of Directors and the Executive Management.

The two bodies are separate and have no overlapping members. The Board of Directors determines the overall strategy and acts as a sparring partner to the Executive Management, which is responsible for the operational management of EG.

The Executive Management has established a Corporate Management with 10 members, including the Executive Management.

The Board of Directors consists of seven members representing with broad international business experience and competencies relevant for EG A/S. Four of the members appointed by the principal shareholder Francisco Partners are regarded as independent.

The Board of Directors held six meetings in 2023.

The Board of Directors has set up an audit & risk committee, a remuneration & nomination committee, and M&A committee. The purpose of the committees is to prepare decisions to be made by the Board of Directors.

On an annual basis, the Board of Directors conducts an evaluation of the effectiveness, performance, achievements, and competencies of the Board of Directors, including an evaluation of the performance of each individual board member and of the cooperation with the Executive Management.

EG A/S is owned by Francisco Partners.

Board of Directors

Klaus Holse
Chair

Personal and educational background

Born 1961. Danish citizen, Graduate Diploma in Business Administration from Copenhagen Business School and a Master of Science in Computer Science from University of Copenhagen.

Career and directorships

Klaus Holse has held the position of Chair and member of the Board of Directors of EG A/S since 15 September 2021 as well as in the period from 1 October 2013 until 3 June 2019 within EG.

Klaus Holse is currently also Chair of the Board of Directors of the Confederation of Danish Industry (DI), Zenegy ApS, SuperOffice AS. In the past five years, Klaus Holse has been Chair of the Board of Directors of Delegate A/S, Lessor Group ApS and the Scandinavian ApS. Klaus Holse is currently also an executive officer at Khaboom ApS. In the past five years, Klaus Holse has also been Chief Executive Officer of SIMCORP A/S.

Independence

Regarded as independent.

Petri Oksanen
Vice Chair

Personal and educational background

Born 1980, Canadian and US citizen, B.A.Sc. with Joint Honours in Computer Engineering and Economics with Distinction from the University of Waterloo.

Career and directorships

Petri Oksanen has held the position of Vice Chair and member of the Board of Directors within EG since 3 June 2019. Vice Chair and member of the Board of Directors of EG A/S since 26 November 2021.

Petri Oksanen is currently also Chair of the Board of Directors of Keyloop (UK) Ltd. as well as member of the Board of Directors of nShift Group AS, Veson Nautical and Vendavo Inc. In the past five years, Petri Oksanen has been the Chair of the Board of Directors of Vendavo Inc. and Consignor AS as well as member of the Board of Directors of Plex Systems, Inc., ByBox Holdings Ltd., Prometheus Group LLC and ClickSoftware Technologies. Petri Oksanen is a Partner and the Co-Head of Europe at Francisco Partners and prior to joining Francisco Partners worked at Morgan Stanley in their Technology Investment Banking group in Menlo Park, California.

Independence

Not regarded as independent.

Quentin Lathuille
Board member

Personal and educational background

Born 1990, French citizen, Master of Science in Business Administration and Finance from ESCP-Europe, Paris and a Master of Science in Engineering from Centrale Supélec, Paris.

Career and directorships

Quentin Lathuille has held the position of member of the Board of Directors within EG since 3 June 2019. Member of the Board of Directors of EG A/S since 26 November 2021.

Quentin Lathuille is currently also member of the Board of Directors of Keyloop Ltd., Veson Nautical and SintecMedia Ltd. (d/b/a Operative). In the past five years, Quentin Lathuille has been member of the Board of Directors of BluJay Solutions Ltd. Quentin Lathuille is also a Vice President at Francisco Partners. Prior to joining Franscisco Partners, Quentin Lathuille was part of Morgan Stanley's Investment Banking Division in London, with a focus on the Technology sector.

Independence

Not regarded as independent.

Michael William Barry
Board member

Personal and educational background
Born 1957, US citizen, Michael Barry holds a Bachelor of Science in Electrical Engineering from the University of Texas, Austin.

Career and directorships
Michael Barry has held the position of member of the Board of Directors within EG since 1 June 2020. Member of the Board of Directors of EG A/S since 26 November 2021.

Michael Barry is currently also member of the Board of Directors of Keyloop Ltd. and Senegal Ventures, LLC (d/b/a Senegal Software). Michael Barry is a senior operating partner with Francisco Partners Consulting, which provides operational consulting services to the funds managed by Francisco Partners and their portfolio companies. Prior to that, Michael Barry was Executive Vice President of R&D and Product Management at Aderant. In the past five years, Michael Barry has been Chief Technology Officer of Renaissance Learning, Inc., Operative (a part of Sintec Media NYC, Inc.), Chief Executive Officer of Optanix, Inc. and Chief Technology Officer Cloud R&D, Gateways and Cloud Operations of Verifone, Inc.

Independence
Not regarded as independent.

Jane Wiis
Board member

Personal and educational background
Born 1964, Danish citizen, Master of Science in Political Science from Aarhus University.

Career and directorships
Jane Wiis has held the position of member of the Board of Directors within EG since 1 June 2020. Member of the Board of Directors of EG A/S since 26 November 2021.

Jane Wiis is currently also member of the Board of Directors of Andel Lumen A/S. Jane Wiis is also the Chief Executive Officer of DBC Digital A/S. In the past five years, Jane Wiis has been the Chief Executive Officer of Slagelse Kommune and Professional Director of the National Association of Local Authorities in Denmark (Kommunernes Landsforening).

Independence
Regarded as independent.

Carsten Nygaard Knudsen
Board member

Personal and educational background
Born 1961, Danish citizen, Graduate in Business Administration from Aarhus School of Business and an MBA from IESE Business School, Barcelona.

Career and directorships
Carsten Knudsen has held the position of member of the Board of Directors within EG since 2 September 2019. Member of the Board of Directors of EG A/S since 26 November 2021.

Carsten Knudsen is currently also Chair of the Board of Directors of Titan Containers A/S, Titan Storage Solutions A/S, M&J Danmark A/S og M&J Recycling Group ApS. In the past five years, Carsten Knudsen has been Chair of the Board of Directors of Stibo DX A/S, Stibo Complete A/S, Stibo Systems A/S, Stibo Graphic A/S, Glunz & Jensen A/S, Glunz & Jensen Holding A/S (listed on Nasdaq Copenhagen), Tresu Investment Holding A/S, Tresu Group Holding A/S, Color Print A/S, Black Topco ApS, Dane Topco ApS and Selandia Park A/S.

Independence
Regarded as independent.

Jean-François Burguet
Board member

Personal and educational background
Born 1985, Belgian citizen, Master of Science in Electromechanical engineering and Mechatronics from Ecole Polytechnique de Louvain, and M.B.A. in Private Equity & Venture Capital from The Wharton School of the University of Pennsylvania.

Career and directorships
Member of the Board of Directors since 6 February 2024.

In the past five years, Jean-François Burguet has held multiple Board roles including at 1stdibs.com, Inc, THG Plc, adjust GmbH and Graphcore Ltd. Jean-François Burguet is Principal and Head of Digital at Sofina, overseeing the firm's investments in Software and Financial Technology. Prior to joining Sofina, Jean-François Burguet worked in various roles in the consulting industry.

Independence
Regarded as independent.

Poul Ejner Rabjerg
Board Employee Representative

Career and directorships

Solution Architect
Employed since 1988

Lone Nedergaard-Jensen
Board Employee Representative

Career and directorships

Senior Manager
Employed since 2016

Stein Rustad
Board Employee Representative

Career and directorships

Enterprise Architect
Employed since 2005

Executive Management

Mikkel Bardram

Chief Executive Officer

Employed since 2016
Present position held since 2016

Personal and educational background

Born 1976. Danish citizen. Mikkel Bardram holds a Master of Science in International Marketing and Management from Copenhagen Business School.

Career and directorships

Member of the Executive Board of the company since 26 November 2021. Mikkel Bardram has held the position of Chief Executive Officer in EG A/S since 1 November 2016. Mikkel Bardram does not hold any positions as member of a Board of Directors outside of EG.

Prior to EG, Mikkel was CEO of Satair Group SAS, where he worked in different roles over 10 years. He has also worked as a management consultant with McKinsey & Company and as a SAP consultant with IBM Global Services and in Novozymes IT.

Henrik Hansen

Chief Financial Officer

Employed since 2018
Present position held since 2018

Personal and educational background

Born 1974. Danish citizen. Henrik Hansen holds a Master of Science in Finance and Accounting from Copenhagen Business School.

Career and directorships

Member of the Executive Board of the company since 26 November 2021. Henrik Hansen has held the position of Chief Financial Officer in EG A/S since 1 January 2018.

Prior to EG, Henrik was Group CFO with Icopal Group where he worked 11 years. Henrik was at Icopal also expatriated for more than four years as Regional CFO in Germany before joining the Icopal Executive Management team. Previous to Icopal, Henrik held finance positions within Treasury Management at TDC and within the Supply Chain area at Novozymes.

Corporate Management

Includes Executive Management

Michael Moyell Juel
Executive Vice President, Construction & Property

Born 1974
Employed since 2022
Present position held since 2022

Erik Tomren
Executive Vice President, Industrials & Trade

Born 1975
Employed since 2019
Present position held since 2019

Johnny Iversen
Executive Vice President, Healthcare & Citizen Welfare

Born 1974
Employed since 2012
Present position held since 2017

Allan Bech
CTO

Born 1977
Employed since 2012
Present position held since 2019

Mikkel Bardram
CEO

Born 1976
Employed since 2016
Present position held since 2016

Henrik Hansen
CFO

Born 1974
Employed since 2018
Present position held since 2018

Tina Bodin
Head of HR

Born 1972
Employed since 2000
Present position held since 2005

Jacob Buchardt
Head of Corporate PMO

Born 1976
Employed since 2017
Present position held since 2017

Nina Maj Fjordvald
Head of Marketing & Communications

Born 1981
Employed since 2019
Present position held since 2019

Björn Martinsson
Head of Corporate Strategy & M&A

Born 1972
Employed since 2020
Present position held since 2020

Risk Management

In recognition of the inherent nature of risks within our strategic pursuits and business operations, our proactive identification of risk factors, coupled with effective mitigation strategies, plays a pivotal role in realising our strategic objectives, enhancing business performance, and upholding our environmental, social, and governance (ESG) priorities.

Our risk management approach necessitates a comprehensive understanding of both internal and external factors influencing the achievement of strategic and business goals. The risk management process is seamlessly integrated into our day-to-day operations, serving as a cornerstone for maintaining stable and reliable growth.

At EG, our risk management comprises a three-phased integrated working procedure:

1. **Identification of Risks:** We systematically identify risks in both internal and external environments.
1. **Assessment of Risks:** We evaluate risks in terms of likelihood and their potential strategic, financial, and operational impact.
1. **Mitigation Planning and Execution:** We develop and implement effective mitigating actions to address identified risks.

For detailed information on financial risk management, please refer to note 3.4 in the financial section.

Emerging changes

Description:

The Nordic market for vertical software is susceptible to rapid technological evolution, frequent product introductions, changing customer requirements, and regulatory shifts. EG faces the risk of not continuously developing and implementing software solutions aligned with the dynamic market for industry-specific software.

Mitigation:

To address this risk, EG actively monitors emerging industry trends, technological advancements, and regulatory changes. A centralised R&D function ensures best practices across the organisation, guaranteeing the delivery of state-of-the-art software solutions. Continuous employee training is integral to maintaining technical skills and adaptability.

IT systems and cyber threats

Description:

Maintaining continuous IT and data centre operations is crucial for EG's business. External factors, such as power failure, fire, and cyber threats, pose a risk to EG's IT systems and could result in interruptions or harm.

Mitigation:

EG invests in enhancing its IT security setup, employing a central security team for vulnerability scanning and response to cyber threats. Employee training, multi-factor authentication solutions, and secure backups contribute to bolstering cybersecurity measures.

People and talent risks

Description:

The IT industry's competition for skilled professionals poses a risk to EG's ability to attract and retain talent, affecting salaries, a significant expense for EG.

Mitigation:

EG focuses on employee well-being, offering flexibility in work location and other benefits. Regular performance interviews and thrice-yearly employee surveys ensure ongoing engagement and satisfaction.

Successfully continuing our M&A strategy

Description:

While EG has a successful track record in strategic acquisitions, uncertainties exist regarding the identification of suitable targets at favourable prices and financing future acquisitions.

Mitigation:

In-house professional skills and external advisers are engaged to mitigate risks associated with acquisitions, ensuring strategic alignment and efficient integration.

Public sector customers

Description:

A substantial portion of EG's contracts with public-sector customers are subject to EU public tender regulation, leading to the risk of not securing contract renewals.

Mitigation:

EG's verticalised software approach, based on standardised components, mitigates this risk by offering innovative solutions with proven setups, ensuring compliance, stability, and cost effectiveness.

Macroeconomic uncertainty

Description:

While EG has resilient business operations, macroeconomic uncertainties, including inflation, cost of funding, and cyclicality in construction sectors, pose potential challenges.

Mitigation:

EG addresses economic uncertainties through internal business adjustments and a diversified product portfolio, proven resilient during economic downturns, such as in the global inflation hike in 2023.

Financial statements

Contents

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2023

DKK million	Note	2023	2022
Revenue	1.2	**2,346**	**2,077**
Costs of providing services		324	298
Staff costs	1.6	917	817
Other operating expenses		310	256
Other operating income		12	20
EBITDA		**807**	**726**
Depreciation, amortisation and impairment		198	230
Acquisition related amortisations		255	234
Special items	2.4	178	169
EBIT		**176**	**93**
Finance income	3.3	11	32
Finance costs	3.3	695	395
Profit before tax		**(508)**	**(270)**
Income tax	1.8	33	7
Profit/(Loss) for the year		**(475)**	**(263)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign subsidiaries		(64)	(78)
Net items that may be reclassified to profit or loss in subsequent periods		**(64)**	**(78)**
Items that will not be reclassified to profit or loss in subsequent periods			
Income tax for the year not related to profit for the year		3	0
Deferred tax for the year not related to profit for the year		26	0
Net items that will not be reclassified to profit or loss in subsequent periods		**29**	**0**
Other comprehensive income		**(35)**	**(78)**
Total comprehensive income for the year, net of tax		**(510)**	**(341)**

Consolidated balance sheet

DKK million	Note	2023	2022
ASSETS			
Intangible assets	2.2	7,628	6,878
Property, plant and equipment	2.3	54	33
Right-of-use assets	2.3	154	142
Deferred tax assets	1.9	24	29
Other non-current financial assets		1	1
Non-current assets		**7,861**	**7,083**
Inventory		13	11
Trade and other receivables	1.4	379	248
Contract assets	1.3	200	136
Prepayments		62	42
Cash and cash equivalents	3.2	624	64
Current assets		**1,278**	**501**
Total assets		**9,139**	**7,584**
EQUITY AND LIABILITIES			
Share capital	3.1	50	50
Translation reserve		(125)	(61)
Retained earnings		1,264	864
Total equity		**1,189**	**853**
Deferred tax liabilities	1.9	468	471
Borrowings	3.2	6,031	5,186
Lease liabilities	3.2	126	111
Borrowings from group companies	3.2	341	0
Other non-current liabilities	4.4	52	49
Non-current liabilities		**7,018**	**5,817**
Bank loans	3.2	0	109
Lease liabilities	3.2	42	44
Contract liabilities	1.3	72	80
Trade and other payables		180	141
Payables to group companies	3.2	21	42
Income tax		26	41
Other liabilities	4.4	454	353
Deferred income	1.5	137	104
Current liabilities		**932**	**914**
Equity and liabilities		**9,139**	**7,584**

Consolidated statement of changes in equity

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2023	**50**	**(61)**	**864**	**853**
Total comprehensive income for the year	**0**	**(64)**	**(446)**	**(510)**
Share-based payment	0	0	16	16
Received group contribution	0	0	830	830
Transaction with owners	**0**	**0**	**846**	**846**
Equity at 31 December 2023	**50**	**(125)**	**1,264**	**1,189**

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2022	**50**	**17**	**1,108**	**1,175**
Total comprehensive income for the year	**0**	**(78)**	**(263)**	**(341)**
Share-based payment	0	0	19	19
Transaction with owners	**0**	**0**	**19**	**19**
Equity at 31 December 2022	**50**	**(61)**	**864**	**853**

Consolidated statement of cash flows

For the year ended 31 December 2023

DKK million	Note	2023	2022
Cash flow from operating activities			
EBITDA		807	726
Adjustments	4.6	(167)	(150)
Change in working capital	4.5	(104)	(36)
Net investment in development for combined contracts		(81)	(56)
Income tax paid		(10)	(64)
Cash flow from operating activities		**445**	**420**
Cash flow from investing activities			
Purchase of intangible assets and property, plant and equipment		(250)	(226)
Acquisitions	2.1	(883)	(907)
Cash flow from investing activities		**(1,133)**	**(1,133)**
Cash flow from financing activities			
Repayment of non-current borrowings		(203)	0
Proceeds from non-current borrowings		1,372	1,129
Interest paid		(594)	(368)
Repayment of lease liabilities		(48)	(43)
Group contributions		830	0
Cash flow from financing activities		**1,357**	**718**
Change in cash flow for the year		669	5
Cash and cash equivalents at 1 January		(45)	(50)
Effects of exchange rate changes of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December		**624**	**(45)**

§ Accounting policy

The consolidated cash flow statement is presented according to the indirect method and shows the changes in cash and cash equivalents for the year, broken down by operating, investing, and financing activities, 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 adjusted for non-cash operating items and special 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 proceeds and repayment of long-term debt, interest and similar financing costs 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.

Section 1

Operating activities and tax

This section provides information related to EG's operating activities and tax.

In this section:

Note 1.1 – Segment information

Description of segments and principal activities

EG is one of the leading vendors in the Nordic vertical software market. EG's revenue arises primarily from subscription income (SaaS), sales of licences of EG's own software and related configuration and installation services. Operations are generally managed and organised based on divisions and business units.

The three divisions of EG each have their own clear purpose and operate on markets of very different characteristics. Based on the internal structure and reporting, the Executive Management considers the three divisions Healthcare & Citizen Welfare, Construction & Property, and Industrials & Trade to be EG's operating segments. Executive Management governs on divisional level which is why these are considered EG's operating segments.

Change of reporting segments

In 2023 the reporting segments were subject to a change from previously reported Public and Private segment, to now being reported as the three divisions as described above.

The three divisions is a not a split or merge of parts of the old segments, Private and Public, but rather a shuffle of EG's internal reporting structure. Comparative figures has been adjusted to reflect this new structure.

EBITDA as profit measure

EG uses earnings before interest, tax, depreciation, amortisation, and special items (EBITDA) to assess the performance of the operating segments. Therefore, EBITDA is used as the profit measure. EBITDA excludes discontinued operations.

DKK million	2023	2022 Reallocated	Reallocation	2022
Construction & Property	251	201	201	0
Healthcare & Citizen Welfare	265	252	252	0
Industrials & Trade	291	273	273	0
Public*	0	0	(257)	257
Private*	0	0	(469)	469
EBITDA	**807**	**726**	**0**	**726**

* prior year reported operating segments.

Reconciliation to profit before tax

DKK million	2023	2022
EBITDA	807	726
Depreciation, amortisation and impairment	(198)	(230)
Acquisition-related amortisations	(255)	(234)
Special items	(178)	(169)
Finance costs, net	(684)	(363)
Profit before tax	**(508)**	**(270)**

Non-current assets

The total of non-current assets other than financial instruments by location of assets, is shown below:

DKK million	2023	2022
Denmark (country of domicile)	4,831	4,949
Sweden	299	183
Norway	2,231	1,476
Finland	481	468
Other	19	7
Total	**7,861**	**7,083**

§ Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management. As a private equity controlled company, the Board plays a significant role in the operating decisions of EG. Consequently, the chief operating decision maker is considered to consist of the Board of Directors in combination with the Executive Management.

The accounting policies of the reported segments are the same as EG's accounting policies described throughout the notes. Segment reporting is prepared in accordance with EG's internal management and reporting structure. Revenue from transactions with other operating segments is considered insignificant and thus not disclosed separately. Special items are managed and disclosed at group level. Information about depreciations, amortisations, income taxes, assets, liabilities, and additions to assets by segment are not provided in the reporting to the chief operating decision maker and thus not disclosed.

Note 1.2 – Revenue

Disaggregation of revenue from contracts with customers

EG derives revenue from the transfer of services and goods to the following revenue streams.

DKK million	Construction & Property	Healthcare & Citizen Welfare	Industrials & Trade	Private*	Public*	Total
2023						
Recurring	641	760	563	0	0	1,964
Non-recurring	77	90	215	0	0	382
Revenue	**718**	**850**	**778**	**0**	**0**	**2,346**
EBITDA	**250**	**265**	**290**	**0**	**0**	**805**
2022 Reallocated						
Recurring	535	638	528	0	0	1,701
Non-recurring	74	91	211	0	0	376
Revenue	**609**	**729**	**739**	**0**	**0**	**2,077**
EBITDA	**201**	**252**	**273**	**0**	**0**	**726**
Reallocation						
Recurring	535	638	528	(1,032)	(669)	0
Non-recurring	74	91	211	(268)	(108)	0
Revenue	**609**	**729**	**739**	**(1,300)**	**(777)**	**0**
EBITDA	**201**	**252**	**273**	**(469)**	**(257)**	**0**
2022						
Recurring	0	0	0	1,032	669	1,701
Non-recurring	0	0	0	268	108	376
Revenue	**0**	**0**	**0**	**1,300**	**777**	**2,077**
EBITDA	**0**	**0**	**0**	**469**	**257**	**726**

* prior year reported operating segments.

Recurring revenue comprise subscription income 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. Non-Recurring Revenue comprise product sales of software and hardware, and sale of consultancy and development services. EG's revenue is derived over time, except for an insignificant part of non-recurring revenue.

Revenue type	Revenue stream
Subscription income	Recurring
Sales of proprietary software licenses and related services	Non-recurring
Sales of external software and related services	Non-recurring
Sales of hardware	Non-recurring
Sales of consultancy and development services	Non-recurring

Outstanding performance obligations

Future cashflow is positively affected by several multi-year contracts. The outstanding performance obligations resulting from these contracts amounted to DKK 994 million as of 31 December 2023 (2022: DKK 198 million). The average contract performance period is estimated at 7 years, and the maximum remaining term is 10 years.

Management expects that 14% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2023 will be recognised as revenue in 2024. 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 the total contract liabilities of DKK 80 million in 2022, DKK 29 million has been recognised as revenue in 2023. In 2022 an amount of DKK 34 million was recognised as revenue related to a balance of DKK 51 million from 2021.

Revenue

Revenue from external customers, broken down by location of the customers, is shown below:

DKK million	2023	2022
Denmark	1,216	1,142
Norway	607	489
Sweden	216	199
Finland	218	185
Other	89	62
Total	**2,346**	**2,077**

Note 1.2 – Revenue (continued)

§ Significant accounting estimates

Determining revenue for completion of implementation projects recognised over time

Revenue for completion of implementation projects are recognised based on percentage of completion unless client acceptance is required. The percentage-of-completion method requires estimation of total revenue and the stage of completion. The assumptions, estimates and uncertainties inherent in determining the stage of completion affect the timing and amounts of revenue recognised.

Changes in estimates of progress towards completion and of contract revenue and costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

Where EG provide professional services, revenue is recognised based on time elapsed – ratably over the period applicable.

Judgement is applied in determining which method to use. All the judgements and estimates mentioned above can significantly impact the timing and amount of revenue to be recognised.

§ Accounting policy

EG's revenue arises from subscription income, sales of licences of EG's own software and related configuration and installation services, external software and sales of hardware, and consultancy services.

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.

The input method is used to measure progress towards complete satisfaction of service provided over time due to the direct relationship between labour hours spent and cost incurred, and the transfer of services to the customer. The total number of hours expected to be spent on each project is re-estimated on a regular basis.

The transaction price

EG considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction's price needs to be allocated. EG 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 as revenue.

Recurring revenue

The recurring revenue stream comprises subscription income derived from industry software supplied as a Software as a Service (SaaS) solutions, Hardware as a Service (HaaS) solutions, maintenance and hotline subscriptions, and payroll services. Unspecified future upgrades, maintenance, and helpline support are considered as a single performance obligation.

Revenue from subscription is recognised straight line 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 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.

Non-recurring revenue

Non-recurring revenue streams comprise:

- sales of proprietary software licenses and related services, where revenue is recognised when the customer has been given access to use the system;
- sales of external software and related services, from which derived revenue relates to sales of licences of standard software solutions with added EG features or configuration and installation services. The installation is simple and can be performed by other parties. Thus, revenue from configuration and installation services is recognised as a separate performance obligation. The transaction price is allocated to each performance obligation based on the stand-alone selling price. Revenue from software licences is recognised when the customer has access to use the licence and accepted the delivery of hardware;
- sales of hardware, where revenue is recognised when control has transferred to the customer; and
- sales of consultancy and development services, where revenue is recognised as the services are provided, usually on a linear basis over the term of the contract. The production method based on the labour hours spent is applied to measure the recognisable revenue.

Note 1.3 – Contract assets and liabilities

EG's contract balances are as follows:

DKK million	2023	2022
Contracts recognised over time	27	40
Costs to fulfil contracts	173	96
Contract assets	**217**	**136**
Prepayments from customers	(72)	(80)
Contract liabilities	**(72)**	**(80)**

Of the total costs to fulfil contracts of DKK 96 million in 2022, DKK 10 million has been recognised as cost in 2023. In 2022 an amount of DKK 19 million was recognised as cost related to a balance of DKK 48 million from 2021.

§ Accounting policy

EG initially recognises contract assets for either:

- revenue, when EG provides custom development or consultancy to customers; or
- cost, when EG develops custom software or implementation of software, not to be transferred to the customer, in combination with another revenue stream from the customer (combined contract).

Contract liabilities are initially recognised when either:

- a payment has been received or a payment is due (whichever is earlier) from customers before EG transfers the related services; or
- a payment has been received or a payment is due (whichever is earlier) relating to custom software or implementation of software, in combination with another revenue stream (combined contract).

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

Note 1.4 – Trade receivables, other receivables and credit risk

DKK million	2023	2022
Gross carrying amount	317	212
Loss allowance	(13)	(8)
Trade receivables	**304**	**204**
Deposits	17	14
Other receivables	58	30
Other receivables	**75**	**44**
Trade and other receivables	**379**	**248**

Exposure to credit risk

Credit risk is managed on a group basis. EG'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 credit risk on trade receivables and contract assets are assessed regularly through analysis of customer type, country, and specific conditions. The maximum credit risk exposure to trade and other receivables is shown above. EG's loss allowances on 31 December 2023 related solely to trade receivables.

Loss allowance for trade receivables and contract assets

DKK million	2023	2022
Loss allowance 1 January	(8)	(9)
Write-off	2	6
Increase	(7)	(5)
Loss allowance at 31 December	**(13)**	**(8)**

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	Current	0 - 30 days	31 - 90 days	> 90 days	Total
2023					
Gross carrying amount	228	54	9	26	317
Loss allowance	(1)	(1)	(2)	(9)	(13)
Carrying amount	**227**	**53**	**7**	**17**	**304**
2022					
Gross carrying amount	154	31	17	10	212
Loss allowance	0	(1)	0	(7)	(8)
Carrying amount	**154**	**30**	**17**	**3**	**204**

§ Accounting policy

Trade and other receivables are recognised initially at transaction price (i.e., for trade receivables typically the invoiced amount) and subsequently measured at amortised cost less loss allowance for expected credit losses using the effective interest method.

EG 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 expected trends on macroeconomic factors affecting the ability of the customers to settle the outstanding amounts.

Trade receivables are generally derecognised if they are past due more than 60 days or when 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 EG.

Allowance for losses is presented as operating profit. Subsequent recoveries of amounts previously derecognised are credited against the same line item.

Note 1.5 – Deferred income

DKK million	2023	2022
Accrued customer payments	137	104
Total	**137**	**104**

§ 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.

Note 1.6 – Staff costs and remuneration to key management personnel

DKK million	2023	2022
Average number of employees	1,953	1,638
Wages and salaries	867	789
Defined contribution plans	70	64
Performance-based bonus	49	43
Share-based payments	16	19
Other social security costs	75	66
Staff costs before capitalisation	**1,077**	**981**
Work carried out for own account and capitalised	(160)	(164)
Total	**917**	**817**

Defined contribution plans

EG only operates defined contribution pension plans where contributions are paid to private administered pension plans. Once the contribution has been paid, EG has no further payment obligation. Non-monetary benefits comprise company car, IT equipment, health insurance, phone, and internet.

Performance-based bonus

Members of the Executive Management and other executives participate in a performance-based bonus programme subject to achievement of certain financial KPIs, i.e., EBITDA, revenue development and ESG targets.

Share-based payments

To attract and retain Executive Management members and other executives, EG has an equity-settled incentive programme, cf. note 1.7 – Share-based payments

Key management personnel

Members of the Board of Directors and the Executive Management have authority and responsibility for planning, implementing, and controlling EG's activities and constitute EG's key management personnel.

Remuneration to Key management personnel

The members of the Board of Directors are remunerated with an annual fixed fee. Remuneration to the members of the Board of Directors and Executive Management of EG is presented below. The Board of Directors and Executive Management in EG A/S was not solely remunerated in EG A/S. The remuneration to the Board of Directors and the Executive Management of EG A/S incurred by EG is represented below. Members of the Executive Management are remunerated through a combination of salaries, performance-based bonus plans, warrants, pensions, and non-monetary benefits. Members of the Executive Management have an extended term of notice of six months and are entitled to severance pay for twelve months.

DKK million	2023	2022
Wages and salaries	9	8
Defined contribution plans	1	1
Share-based payments	2	5
Total	**12**	**14**
Hereof:		
Executive Management	8	9
Board of Directors	4	5
Total	**12**	**14**

§ Accounting policy

Staff costs are recognised in the year during which the employees performed the related work.

EG initially recognises a liability and an expense for bonuses when the related work is performed.

Contributions to defined contribution plans are recognised in staff costs when the related service is provided, and contributions payable are recognised in other liabilities.

Note 1.7 – Share-based payments

To attract and retain Executive Management members and other executives, they 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 warrant programme in the ultimate Parent Company Lancelot UK Holdco Ltd. aimed at aligning the Executive Management's and shareholders' short- and long-term interests. In addition, a group of managers participate in a warrant programme.

Warrant programme

The warrant programme is an equity-settled programme established in June 2019. The vesting period is up to 48 months starting from the grant date. The programme comprises 15,810,390 (2022: 17,588,455) time-vesting warrants and 10,121,750 (2022: 10,806,640) 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. The minimum required return on investment shall be more than a multiple of 2x invested value to achieve payout. Upon exit the maximum payout is achieved at a multiple of 3x invested value.

Fair value of warrants granted

The total number of warrants granted in 2023 was 0.8 million (2022: 2.2 million). The total number of warrants granted to executive management in 2023 was 0 million (2022: 0 million)

The total fair value of warrants granted in 2023 was DKK 11.6 million (2022: DKK 8.7 million).

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

- expected volatility: 52.0% (2022: 57.0 %) (based on a peer group analysis);
- risk-free interest rate: 3.13% (2022: 1.01 %);
- market value at issue date:
  - performance warrants: no warrants issued (2022: no warrants issued); and
  - time warrants: DKK 13.74 (2022: DKK 6.42);
- exercise price: DKK 11.92 (2022: DKK 11.80 - 35.00);
- term to expiry: 3 years (2022: 1.75 years); and
- the majority of the time-share programme vest 25 % (2022: 25 %) of the first anniversary, and 2.083 % (2022: 2.083 %) monthly thereafter, and a part of the time-share programme vest 2.083 % monthly (2022: 2.083 %).

Recognised in the profit or loss

Total expenses arising from share-based payments during 2023 as part of staff costs were DKK 16.2 million (2022: DKK 18.7 million), hereof DKK 0 million (2022: DKK 0 million) recognised in EG A/S.

Number of granted warrants:

1 January 2023	28,395,093
Forfeited	(659,087)
Granted	844,314
Exercised	(2,648,179)
31 December 2023	**25,932,141**
1 January 2022	26,264,706
Forfeited	(49,062)
Granted	2,179,449
Exercised	0
31 December 2022	**28,395,093**

As per 31 December 2023, a total of 12,579,179 time vesting warrants have vested. (2022: a total of 10,992,926) and a total of 1,186,910 performance warrants have vested and are exercised (2022: a total of 0).

§ 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., EG'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 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 based on Geometric Brownian Motion (GBM) assumption for future distribution of prices (lognormal, returns are normally distributed) at a sample size of 200,000.

§ Significant accounting estimates

Management makes estimates of the fair value. The fair values of time-vesting and performance-vesting warrants are determined using the methodology set out in the accounting policy by using known models and simulations to estimate the fair value.

Note 1.8 – Income tax

DKK million	2023	2022
Current tax on profit for the year	(32)	(44)
Prior-year adjustment	25	(1)
Prior-year adjustment deferred tax	(5)	2
Adjustment of deferred tax	45	50
Tax on profit for the year	**33**	**7**
Effective tax rate for the year (%)		
Income tax rate in Denmark	22%	22%
Difference between Danish and foreign tax rates	0%	0%
Tax on profit for the year	**22%**	**22%**
Other permanent items including limitation of interest deductibility	(16)%	(19)%
Valuation allowance	0%	0%
Effective tax rate for the year	**6%**	**3%**
Profit before tax	(508)	(270)
Effective tax rate	6%	3%
Tax income	33	7
Profit after tax	**(475)**	**(263)**

§ Accounting policy

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where EG operates and generates taxable income.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Note 1.9 – Deferred tax

DKK million	2023	2022
Deferred tax		
Intangible assets	489	452
Property, plant and equipment	10	14
Current assets	5	5
Deferred income, liabilities	(3)	(2)
Debt and other liabilities	(46)	(6)
Tax losses	(11)	(21)
Deferred tax liabilities	**468**	**471**
Deferred tax asset	**24**	**29**
The year's change in deferred tax may be specified as follows		
Deferred tax for the year recognised in result of continuing operations	(45)	(50)
Deferred tax for the year not related to profit for the year	(26)	0
Prior-year adjustment deferred tax	5	(2)
Additions from business combinations	65	51
Exchange rate adjustment	3	(1)
Total	**2**	**(2)**

When assessing the value of deferred tax assets, specifically tax losses carried forward. The recognition is based on the positive taxable earnings for the coming years. Non-recognised tax losses carried forward amount to DKK 31 million (2022: DKK 20 million).

§ Significant accounting judgements

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

Note 1.9 – Deferred tax (continued)

§ Accounting policy

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, EG relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (if it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

EG offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Section 2

Strategic acquisitions and business

This section provides information related to carried out strategic acquisitions and business development.

In this section:

Note 2.1 – Acquisitions

EG's vision is to enable customers becoming industry leaders. In each of the market it operates, providing the best solution and customers becoming industry leaders within their industries is the main objective. This objective is being approached through investing in solutions, strengthening software capabilities, and acquiring companies or business activities that complement the provided services. In 2023, EG completed 6 acquisitions (2022: 5). All of these have strengthened EG's offerings in its existing vertical markets.

Contributed revenues and net profit from the acquisition dates are specified below. As a consequence of performed mergers, disaggregation of revenue and profit after tax amounts cannot be compiled reliably and therefore not specified.

Company/Activity	Country	Acquisition date	Revenue	Profit after tax
ShowMyDay ApS	Denmark	1 April	0	0
PatientSky SaaS Norway AS*	Norway	20 April	Merged with EG Norge AS	
PatientSky APP AS*	Norway	20 April	Merged with EG Norge AS	
Props Utility Solutions AB	Sweden	2 May	24	3
InfoCD A/S	Denmark	15 May	Merged with EG Danmark A/S	
Groupcare A/S	Denmark	1 November	5	1
Checkware AS	Norway	2 November	8	1
Total			**37**	**5**

* collectively "PatientSky"

PatientSky

On 20 April 2023, EG acquired 100% of the shares in PatientSky SaaS Norway AS and PatientSky APP AS, a software group located and operating in Norway, with an estimated annual revenue of DKK 90 million. The purchase price is based on the provisionally determined fair values of net assets. The purchase price allocation is specified below.

CheckWare AS

On 2 November 2023, EG acquired 100% of the shares in CheckWare AS, a software group in Norway, with operations in Norway, Sweden, Poland, and the United Kingdom, with an estimated annual revenue of DKK 61 million. The purchase price is based on the provisionally determined fair values of net assets. The purchase price allocation is specified below.

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

DKK million	PatientSky*	Checkware AS	Other	2023	2022
Customer relationship	188	86	77	351	334
Licensing rights	65	58	9	132	93
Other assets	(481)	(1)	(12)	(494)	(303)
Deferred tax	(17)	(31)	(17)	(65)	(51)
Net identifiable assets acquired	(245)	112	57	(76)	73
Goodwill	301	105	101	507	611
Total consideration	**56**	**217**	**158**	**431**	**684**
Purchase of activity and share capital	**56**	**217**	**158**	**431**	**684**
Cash	46	15	6	67	100
Debt settled in connection to acquisitions	(528)	0	0	(528)	(323)
Contingent consideration	0	0	9	9	0
Net outflow of cash - investing activities	**538**	**202**	**143**	**883**	**907**

* includes PatientSky SaaS Norway AS and PatientSky APP AS

Note 2.1 – Acquisitions (continued)

Contingent consideration

Total consideration paid out includes contingent consideration of DKK 7 million (2022: DKK 0 million). 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 62 million (2022: DKK 45 million) are recognised as special items in profit or loss and as operating cash flows in the statement of cash flows.

Proforma revenue and profit after tax

If the acquisitions had occurred on 1 January 2023, revenue and profit after tax would have been affected with DKK 109 million (2022: DKK 240 million) and DKK (5) million (2022: DKK (28) million), respectively, for acquisitions not merged and excluding activity acquisitions. Pro forma amounts have been calculated using the subsidiary's results adjusted for:

- differences in the accounting policies between EG and the subsidiary; and
- depreciation/amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the tax effect.

Note 2.1 – Acquisitions (continued)

§ Significant accounting estimates

The most significant acquired assets comprise:
- goodwill;
- brands;
- customer agreements and portfolios; and
- technology.

As no active market exists for the acquired assets, liabilities, and contingent liabilities, especially for intangible assets, management makes estimates of the fair value. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

The value of technology and their expected useful life are assessed based on the individual brand's market position, expected market development and profitability. Technology is measured using the relief from royalty method, which calculates the fair value 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.

The value of acquired customer agreements and portfolios is assessed based on local market and trading conditions. In addition, the value is assessed based on a survivor curve to indicate the number 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); and
- a post-tax discounting factor of weighted average cost of capital (WACC).

§ Accounting policy

Business combinations are accounted for using the acquisition method. The cost of a business combination comprises the fair value of the consideration agreed upon, including the fair value of any consideration contingent on future events. Acquisition-related costs are expensed as incurred and are included in special items.

The acquired entity's identifiable assets liabilities and contingent liabilities are measured initially at their fair value at the acquisition date.

The unallocated purchase price (positive amount) is recognised in the statement of financial position as goodwill and allocated to EG's cash generating units. Any identified badwill (negative amount) is recognised in the profit or loss as special items.

The identifiable assets, liabilities, and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition.

The effect of the adjustments is recognised in the opening balance of equity, and the comparative figures are restated accordingly if the amount is material.

Changes in estimates of contingent considerations are recognised in the statement of profit or loss under special items unless they qualify for recognition directly in equity.

Note 2.2 – Intangible assets

In 2023, the impairment tests of intangible assets with goodwill useful life were prepared on 31 December 2023. The impairment test performed showed that the value of cash-generating units (CGUs) significantly exceeds the carrying amount of the assets, and therefore the values are maintained.

Goodwill

EG has the following cash-generating units:

- Construction & Property offers SaaS to more than 17,000 customers across a broad array of activities spanning the entire property value chain. The division is one of the leading vendors in the Nordic region and continues to benefit from strong demand, driven by customers' need to address sustainability and efficiency issues related to construction and property management activities.

- Healthcare & Citizen Welfare offers a broad portfolio of SaaS tools to 12,000 customers and their professionals across many activities within healthcare and public sector care and services. These customers address the needs of professionals managing a broad range of citizen personas, such as patients, senior citizens, children, young adults, parents, families, membership organisations, as well as employees at hospitals, schools and other public sector organisations. The division is a leading vendor and serves key vertical markets, such as primary and secondary healthcare, social and specialist care, citizen case management, education, legal and non-profit organisations, and payroll / resource management for Danish regions and municipalities.

	Goodwill				Customer relationships				Licensing rights			
DKK million	2023	2022 Reallocated	Reallocation	2022	2023	2022 Reallocated	Reallocation	2022	2023	2022 Reallocated	Reallocation	2022
Construction & Property	1,587	1,602	1,602	0	662	721	721	0	102	130	130	0
Healthcare & Citizen Welfare	1,730	1,284	1,284	0	656	399	399	0	184	85	85	0
Industrials & Trade	1,478	1,441	1,441	0	484	496	496	0	73	97	97	0
Private I*	0	0	(1,820)	1,820	0	0	(719)	719	0	0	(87)	87
Private II*	0	0	(865)	865	0	0	(332)	332	0	0	(77)	77
Public*	0	0	(1,642)	1,642	0	0	(565)	565	0	0	(148)	148
Total	**4,795**	**4,327**	**0**	**4,327**	**1,802**	**1,616**	**0**	**1,616**	**359**	**312**	**0**	**312**

* prior year reported CGUs.

- Industrials & Trade offers SaaS solutions across three key vertical market segments, including Industrials, Retail and Wholesale, and Utilities & Energy, and helps improving digitalisation and understanding sustainability across the overall value chain for goods and products – ranging from manufacturing, distribution and retailing to use and management of utility and energy resources

The impairment assessment is based on the budget period comprising future cash flows from the annual budgets, strategy plans and management's estimates of expected developments over the next five years. Revenue growth assumptions, EBITDA, and discount rate constitute the most material parameters in the calculations.

For all divisions in EG, the estimated growth rates are based on own market intelligence process updated in the annual strategy process, through which information is collected from all key markets to form the basis for future market growth expectations. The internal expectations are then verified against available market data from external resources, including global market intelligence on amongst other TAM and SAM growth rates for all key markets.

EG has applied revenue growth rates in the range 5.5 % to 11.0 % for the budget period, with the Construction & Property division having the highest growth rates.

For the calculation of the net present value (NPV), EG'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 8.4 % (2022: 8.1 %) after tax (9.2 % (2022: 9.3 %) before tax). The same WACC is used for all CGUs as the divisions are not significantly different.

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

Note 2.2 – Intangible assets (continued)

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2023									
Cost									
At 1 January	4,328	46	1,979	213	4	611	495	290	7,966
Exchange rate adjustment	(39)	0	(24)	(1)	0	(8)	(8)	(5)	(85)
Acquisitions regarding business combination	507	0	351	17	0	132	0	0	1,007
Transfers between groups	0	0	0	0	0	0	202	(202)	0
Additions	0	0	0	0	0	0	0	207	207
Disposals	0	0	0	0	(1)	0	0	0	(1)
At 31 December	**4,796**	**46**	**2,306**	**229**	**3**	**735**	**689**	**290**	**9,094**
Amortisation and impairment									
At 1 January	(1)	(26)	(363)	(129)	(2)	(299)	(247)	(21)	(1,088)
Exchange rate adjustment	0	0	2	0	0	3	2	0	7
Amortisation, continued operations	0	(7)	(143)	(41)	(1)	(80)	(113)	0	(385)
Impairment	0	0	0	0	0	0	0	0	0
At 31 December	**(1)**	**(33)**	**(504)**	**(170)**	**(3)**	**(376)**	**(358)**	**(21)**	**(1,466)**
Carrying amount at 31 December	**4,795**	**13**	**1,802**	**59**	**0**	**359**	**331**	**269**	**7,628**

Note 2.2 – Intangible assets (continued)

DKK million	Goodwill	Order backlog	Customer relationship	Trademark	Other	Licensing rights	Completed development projects	Development projects in progress	Total
2022									
Cost									
At 1 January	3,766	43	1,673	196	4	517	355	241	6,795
Exchange rate adjustment	(49)	0	(28)	(1)	0	(8)	(1)	0	(87)
Acquisitions regarding business combination	611	3	334	18	0	93	0	0	1,059
Transfers between groups	0	0	0	0	0	9	141	(150)	0
Additions	0	0	0	0	0	0	0	199	199
At 31 December	**4,328**	**46**	**1,979**	**213**	**4**	**611**	**495**	**290**	**7,966**
Amortisation and impairment									
At 1 January	(1)	(21)	(238)	(92)	(1)	(162)	(162)	(21)	(698)
Exchange rate adjustment	0	0	1	0	1	1	1	0	4
Amortisation, continued operations	0	(5)	(126)	(37)	(2)	(82)	(86)	0	(338)
Impairment	0	0	0	0	0	(56)	0	0	(56)
At 31 December	**(1)**	**(26)**	**(363)**	**(129)**	**(2)**	**(299)**	**(247)**	**(21)**	**(1,088)**
Carrying amount at 31 December	**4,327**	**20**	**1,616**	**84**	**2**	**312**	**248**	**269**	**6,878**

Note 2.2 – Intangible assets (continued)

Development projects

Recognised development projects completed or in progress primarily include the development of EG's proprietary software solutions.

EG currently develops a new payroll platform which has a modular design and once completed it will be delivered to customers within the Healthcare & Citizen Welfare division. The modules can be individually selected and each one solves specific requirements with the EG customer. Booked value of the development is DKK 43 million at year end 2023 (2022: DKK 48 million).

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

Management has tested recognised development costs for impairment and estimates that the recoverable amount exceeds the carrying amount on 31 December 2023. Cash flows have been estimated based on a 12-month budget period and a projection for the next 36 months.

No material impairment has been recognised in 2023 (2022: DKK 56 million).

Other intangible assets

Management has reviewed recognised other intangible assets for impairment indicators and estimates that the recoverable amount exceeds the carrying amount on 31 December 2023.

§ Significant accounting estimates

Management makes estimates when assessing impairment. Impairment is performed on the expected performance of the relevant CGU in future years, based on future budgets and business plans to calculate the value of the CGU based on the present value of future cash flows.

Note 2.2 – Intangible assets (continued)

§ Accounting policy

Goodwill

On initial recognition, goodwill is measured as described in note 2.1 "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 is carried at cost less accumulated impairment losses.

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 CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes being the operating segments.

Licensing rights

Acquisition-related licensing rights consist of rights to various industry and standard solutions and is recognised at cost equalling the fair value at acquisition.

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 EG 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 and trademarks are measured at cost.

Acquisition-related other intangible assets comprise order books, trademarks, and rights, including software and licensing rights, and are recognised at cost equalling the fair value at acquisition. Other intangible assets have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Customer relationships

Acquisition-related customer relationships are recognised at cost equalling fair value at acquisition. Fair value 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, theoretically calculated tax, and contributions to other assets.

Customer relationships are subsequently measured at cost less accumulated amortisation and impairment losses.

Amortisation methods and useful life

EG amortises intangible assets with a limited useful life, using the linear method over the following periods:

Licensing rights	2-12 years
Development projects	2-8 years
Other intangible assets	2-20 years
Customer relationships	7-25 years

Residual values and useful lives are reviewed at the reporting date and adjusted if appropriate.

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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets CGUs.

Intangible assets are tested for impairment based on the expected performance of the relevant CGU. 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 profit or loss under depreciation, amortisation, and impairment. However, impairment of goodwill is recognised on a separate line item.

Note 2.3 – Property, plant and equipment and leases

DKK million	Land and buildings	Plant, machinery, IT equipment	Total
2023			
Cost			
At 1 January	152	102	254
Business combinations	36	4	40
Additions	46	51	97
Disposals	(31)	(4)	(35)
Exchange rate adjustments	(5)	0	(5)
At 31 December	**198**	**153**	**351**
Depreciation and impairment			
At 1 January	(18)	(61)	(79)
Depreciation	(41)	(30)	(71)
Disposals	1	4	5
Exchange rate adjustments	2	0	2
At 31 December	**(56)**	**(87)**	**(143)**
Carrying amount at 31 December	**142**	**66**	**208**
Hereoff right-of-use assets	**142**	**12**	**154**

DKK million	Land and buildings	Plant, machinery, IT equipment	Total
2022			
Cost			
At 1 January	152	71	223
Business combinations	16	3	19
Additions	58	32	90
Disposals	(67)	(3)	(70)
Exchange rate adjustments	(7)	(1)	(8)
At 31 December	**152**	**102**	**254**
Depreciation and impairment			
At 1 January	(37)	(38)	(75)
Depreciation	(40)	(31)	(71)
Disposals	55	7	62
Exchange rate adjustments	4	1	5
At 31 December	**(18)**	**(61)**	**(79)**
Carrying amount at 31 December	**134**	**41**	**175**
Hereoff right-of-use assets	**134**	**8**	**142**

Additions to right-of-use assets

Additions to the right-of-use assets in 2023 were DKK 54 million (2022: DKK 63 million).

Lease-related costs recognised in profit or loss

DKK million	2023	2022
Depreciations:		
Land and buldings, etc.	41	40
Plant, machinery, IT equipment	6	4
Interest expense (incl. in Finance costs)	7	6
Low value assets	0	0
Total	**54**	**50**

The total cash outflow for leases in 2023 was DKK 54 million (2022: DKK 43 million).

Lease liability

The carrying amount of the lease liabilities recognised in the balance sheet is disclosed in Note 3.2 – Borrowings.

Income from sub-leasing

Recognised income from sub-leasing as other operating income in 2023 amounted to DKK 7 million (2022: DKK 16 million).

Note 2.3 – Property, plant and equipment and leases (continued)

§ Significant accounting judgements

Lease term

EG 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. EG has several lease contracts that include extension and termination options.

EG applies judgement in evaluating whether it is reasonably certain that the option to renew or terminate the lease would be exercised or not. EG considers all relevant factors that create an economic incentive for it to exercise or terminate the lease. After the commencement date, EG 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.

§ Accounting policy

Property, plant and equipment is initially recognised at cost and subsequently at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are recognised in the carrying amount or recognised separately, as appropriate, if it is probable that the cost will result in future economic benefits for EG. 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.

Leasehold improvements comprise costs invested in leased premises to customise them for EG's purposes.

Useful life and residual value are determined at the acquisition date and reassessed annually. Depreciation is recognised on a linear basis over the estimated useful lives of the asset, considering the residual value. The expected useful lives are 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

Assets are written down if the carrying amount exceeds its estimated recoverable amount, cf. note 2.2 – Intangible assets. Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in profit or loss.

Right-of-use assets and the related lease liabilities are recognised at the commencement date, except for short-term leases of 12 months or less and leases of low-value assets.

Right-of-use assets are initially measured at cost comprising:
- the initial lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment, cf. note 2.3.

Right-of-use assets are recognised as property, plant and equipment.

EG has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Low-value assets comprise IT equipment and small items of office furniture. Lease payments related to such leases are recognised in profit or loss.

Note 2.4 – Special items

DKK million	2023	2022
M&A and divestments	62	85
Restructuring	45	8
Transformations	71	76
Total	**178**	**169**

Special items comprise of:
- M&A and divestment related cost;
- cost relating to purchases, divestment; and
- cost relating to onboarding of acquisitions

Restructuring costs includes:
- basic structural changes and strategic considerations regarding the future of the business.

Transformations cost includes:
- change and migration of new ERP;
- migration to a new data handling structure;
- overall strategic transformation to establish the foundation for future operation; and
- extraordinary changes to internal procedures.

Special items would have impacted the statement of profit or loss as follows, if not reclassified as special items:
- costs of providing services: DKK 9 million (2022: DKK 0 million);
- staff costs: DKK 61 million (2022: DKK 26 million);
- other operating expenses: DKK 113 million (2021: DKK 146 million); and
- other operating income: DKK 5 million (2022: DKK 3 million).

§ Significant accounting judgements

Management assesses which items are to be identified as special items and shown separately, to give a correct presentation of the statement of profit or loss and other comprehensive income.

§ Accounting policy

Special items include significant non-recurring items that management does not consider to be part of EG's ordinary activities.

Special items are presented separately in profit or loss to give a true, fair, and comprehensive view of EG.

Section 3

Equity and financing

This section provides information related to internal and external financing facilities.

In this section:

Note 3.1 – Equity

Capital management

For the purpose of EG's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of EG's capital management is to maximise the value for the shareholders.

On an ongoing basis, EG assesses the capital structure and the need for adjustment due to changes in economic conditions to balance the higher required rate of return on equity against the increased uncertainty related to loan capital.

According to the current financing agreement EG is obliged to meet financial covenants related to a certain Net Debt/EBITDA ratio. For this reason, Net Debt/EBITDA ratio are monitored closely and reported monthly to ensure compliance with financial covenants.

EG's capital management aims to ensure that it meets financial covenants as breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches of the financial covenants in the current reporting period. No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2023 and 2022.

Share capital

	2023		
	Number of shares	**at DKK**	**Share capital (DKK million)**
The share capital consists of	50.000.000	1	50

	2022		
	Number of shares	**at DKK**	**Share capital (DKK million)**
The share capital consists of	50.000.000	1	50

§ Accounting policy

Retained earnings

Retained earnings are EG's free reserves, which includes share premium reserves. Share premium reserves comprise the premium above the nominal share capital paid by shareholders when shares are issued by the Parent Company.

Translation reserve

Exchange rate adjustments arising on translation of foreign subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Share capital 5 year movement	**2023**	**2022**	**2021**	**2020**	**2019**
Beginning of year	50	50	0	0	0
Capital increase	0	0	50	0	0
End of year	**50**	**50**	**50**	**0**	**0**

Note 3.2 – Borrowings

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

DKK million	Current	Non-current	2023	Current	Non-current	2022
Bank loans	0	6,031	6,031	109	5,186	5,295
Lease liabilities	42	126	168	44	111	155
Related parties	21	341	362	42	0	42
Total	**63**	**6,498**	**6,561**	**195**	**5,297**	**5,492**
Cash and cash equivalents	624	0	624	64	0	64
Net debt	**(561)**	**6,498**	**5,937**	**131**	**5,297**	**5,428**

Debt arising from financing obligations

DKK million	2023	2022
Beginning of the year	5,341	4,185
Repayments	(270)	(34)
New loans	1,137	1,208
Exchange rate adjustments	(9)	(18)
Year end	**6,199**	**5,341**

Excluded from the table are current bank loans consisting of cash pool, DKK 0 million (2022: DKK 109 million), and debt to related parties, DKK 362 million (2022: DKK 42 million).

New loans include DKK 54 million regarding lease liabilities relating to right-of-use assets (2022: DKK 63 million).

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.

Fair value of non-current borrowings amounts to DKK 6,221 million. (2022: DKK 5,291 million).

§ 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 or loss over the period of the borrowings using the effective interest method.

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 EG under residual value guarantees;
- the exercise price of a purchase option if EG is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects EG exercising that option.

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, EG's incremental borrowing rate is used, being the rate that EG 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, EG is considering incremental borrowing rates for similar assets.

Note 3.3 – Finance income and costs

DKK million	2023	2022
Interest received from banks	11	0
Exchange rate adjustments	0	30
Other	0	2
Finance income	**11**	**32**
Interest paid to group entities	(3)	(1)
Interest on borrowings	(615)	(352)
Net foreign exchange gains/losses	(22)	0
Amortisation of borrowing costs	(37)	(25)
Other	(18)	(17)
Finance costs	**(695)**	**(395)**
Total	**(684)**	**(363)**

Capitalised borrowing costs for the year were DKK 123 million (2022: DKK 51 million).

§ Accounting policy

Finance income and costs comprise interest, currency exchange profits or loss relating to transactions in foreign currencies, amortisation of financial assets and liabilities, including financial lease obligations, allowances and reimbursements under the advance tax scheme, and changes to the fair value of derivates that is not classified as securities.

Borrowing costs are recognised as cost of the corresponding borrowing, and amortised on a linear basis.

Note 3.4 – Financial risk management

EG is exposed to a number of financial risks, primarily interest rate risk, currency risk and liquidity risk due to its nature of operations.

EG's financial risks are managed centrally by Group Finance according to policies approved by the Board of Directors. EG does not enter derivative transactions for trading or speculative purposes.

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

EG has not identified additional financial risk exposures in 2023 compared to 2022.

Credit risk

EG is exposed to credit risk primarily related to trade receivables, cf. note 1.4 - Trade receivables, other receivables, and credit risk.

EG's exposure to credit risk related to bank deposits and cash and cash equivalents was DKK 624 million on 31 December 2023 (2022: DKK (45) million). EG only incurs transactions with counterparties possessing an acceptable long-term credit rating from one of the rating agencies Standard & Poor's, Moody's, or Fitch.

Liquidity risk

Effective liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities in order to meet obligations related to EG's ongoing financing of operations, including refinancing and debt.

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

EG's financial resources consist of cash and cash equivalents and committed credit facilities. At 31 December 2023, the liquidity reserve amounted to DKK 1,613 million (2022: DKK 781 million). The committed credit facilities mature in 2028. EG has no short-term maturities.

EG's ability to serve long-term debt and credit facilities at point of maturity depends on future cash flows and refinancing. At 31 December 2023, EG's free cash flow was DKK 195 million (2022: DKK 194 million). In 2023, free cash flow was affected negatively by DKK 183 million (2022: DKK (169) million) recognised as special items which is non-recurring by nature. The adjusted free cash flow of DKK 378 million (2022: DKK 363 million) together with the future cash flows, undrawn credit facilities and available liquidity reserves is considered adequate to meet future contractual obligations when due including the ability to refinance borrowings as they mature.

Undrawn credit facilities amount to DKK 739 million (2022: DKK 576 million).

Contractual maturities for financial liabilities

(DKK million)	Carrying amount	Total	0-1 year	1-2 years	2-5 years	>5 years
2023						
Borrowings incl. interest	6,031	8,651	661	651	7,339	0
Lease liabilities	168	168	42	37	80	9
Related parties, parent companies	362	447	41	20	386	0
Trade and other payables	180	180	180	0	0	0
Other liabilities	520	520	520	0	0	0
Net debt	**7,261**	**9,966**	**1,444**	**708**	**7,805**	**9**
2022						
Borrowings incl. interest	5,186	6,610	409	410	5,780	11
Lease liabilities	155	155	44	42	65	4
Related parties, parent companies	42	42	42	0	0	0
Trade and other payables	141	141	141	0	0	0
Other liabilities	403	403	403	0	0	0
Net debt	**5,927**	**7,351**	**1,039**	**452**	**5,845**	**15**

The amounts disclosed are the contractual undiscounted cash flows (i.e. including expected interest payments estimated based on market expectations at 31 December). Balances due within 12 months equals their carrying amount as the impact of discounting is not significant. Contractual maturities for financial assets are not disclosed as they all have a maturity of less than 12 months and thus equal the carrying amount.

Note 3.4 – Financial risk management (continued)

Currency risk

EG's revenue is primarily denominated in DKK, but acquisitions in Norway, Sweden and Finland have increased EG's exposure to NOK, SEK and EUR. However, EUR is regarded as very low because of the Danish fixed exchange rate policy towards EUR.

EG's exposure to currency risk relates to EG's operating activities, EG's net investments in foreign subsidiaries and borrowings in foreign currency.

Currently, EG does not hedge the risk related to operating activities as EG considers the risk as low. However, the financial policy dictates structural balances in foreign exchange DKK + / - 20 million equivalent will be traded/exchanged via SPOT transactions.

Currency exposure from net investments has not been hedged. Foreign exchange adjustments are recognised in other comprehensive income. In 2023, the amount recognised in other comprehensive income amounted to DKK (64) million (2022: DKK (78) million).

EG's borrowings are denominated in DKK, NOK, SEK and EUR. As the impact from fluctuations in NOK and SEK is considered immaterial, EG does not use derivative financial instruments to hedge the currency exposure.

EG does not hedge exchange rate fluctuations related to the translation of the results of foreign subsidiaries or of intra-group balances in foreign currency at the reporting date. Consequently, EG may be affected by short-term fluctuations when translating the results of subsidiaries into DKK.

§ Accounting policy

Income and costs relating to financial risk management is recognised in accordance with the applied accounting policy for finance income and costs, c.f. Note 3.3 - Finance income and costs.

The aggregate net foreign exchange gains and losses recognised in comprehensive income are disclosed in note 3.3 – Finance income and finance costs.

The sensitivity of comprehensive income due to changes in foreign exchange rates is considered immaterial.

Interest rate risk

Interest rate risk mainly arises from borrowings with variable interest rates, which exposes EG's cash flow to fluctuations in variable interest rate risk. All EG's borrowings carry variable interest rates.

EG has variable interest expenses and is financed with floating rates combined with a fixed margin depending on the credit facility. Interest expenses are settled in DKK, NOK, SEK, and EUR.

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

EG has an interest rate cap hedge in place to minimise variable interest payments. The principal amount of the interest rate cap is DKK 2,613 million with an interest cap of 3.80% against CIBOR 3M. The interest rate cap premium is deferred with remaining installments amounting to DKK 13 million (2022: not established) and a market value of DKK 5 million. The recognised fair value of the interest rate cap hedge is DKK (7) million (2022: not established). Management monitors, as outlined in EG's financial policy, the interest rate risk on monthly basis and recommends to the Board of Directors if the duration of interest periods shall be changed.

Interest rate sensitivity

Comprehensive income is sensitive to higher/lower interest income from borrowings as a result of changes in interest rates. An increase of 1 p.p. in relevant interest rates would have decreased comprehensive income by DKK 38 million (2022: DKK 53 million). The estimate is based on EG's loans and borrowings with variable interest rates and assuming all other variables remain constant.

31 December 2023 (DKK million)	Carrying amount	Maturity	Currency	Effective interest
Borrowings, variable	6,031	2028	Multi	5 - 10 %
Leasing, floating	168	2023 - 2029	Multi	3 - 5 %
Related parties, parent companies, variable	362	2028	DKK	3 - 7 %
Cash in hand	-	-	Multi	-

31 December 2022 (DKK million)	Carrying amount	Maturity	Currency	Effective interest
Borrowings, variable	5,186	2026	Multi	5 - 10 %
Leasing, floating	155	2023 - 2029	Multi	3 - 5 %
Related parties, parent companies, variable	42	2028	DKK	3 - 7 %
Cash in hand	(45)	-	Multi	-

Fair value of borrowings amounts to DKK 6,221 million. (2022: DKK 5,291 million)
Cash in hand includes current debt to bank resulting from cash pool DKK 0 million (2022: DKK 109 million).

Note 3.5 – Financial assets and liabilities

DKK million	2023	2022	Fair value
Financial assets at amortised costs			
Trade receivables and other receivables	379	248	Due to the short-term nature of the assets, the carrying amount approximate their fair value.
Cash and cash equivalents	624	64	
Total	**1,003**	**312**	
Financial liabilities at amortised cost			
Borrowings	6,031	5,295	The fair values of borrowings and lease liabilities are not materially different from their carrying amounts, since the interest payable is close to current market rates.
Lease liabilities	168	155	
Payables to group companies	362	42	For other financial liabilities, the fair values approximate their carrying amount due to the short-term nature of the items.
Trade and other payables	180	141	
Other liabilities	506	403	
Total	**7,247**	**6,036**	
Net	**(6,244)**	**(5,724)**	

§ Accounting policy

Financial assets and liabilities are recognised at amortised cost. Fair value for comparison is calculated based on the discounted expected cash flow of the individual financial assets and liabilities.

Section 4

Other disclosure requirements

This section provides information related to disclosures not covered by previous sections.

In this section:

Note 4.1 – Related parties

DKK million	2023	2022
Long-term related party debt, parent companies	341	0
Related party debt, parent companies	21	42
Related party debt	**362**	**42**

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

Parent and ultimate controlling party

EG A/S's parent is Lancelot UK Finco Ltd., London.

The ultimate parent company is Lancelot UK Holdco Ltd., London. The ultimate controlling party is considered to be Fransisco Partners V,L.P.

Subsidiaries

EG's interests in subsidiaries are set out in note 5.3 - Group structure.

No other transactions were carried out during the year with subsidiaries with the exception of intra-group transactions eliminated in the consolidated financial statements.

Transactions are made on market terms.

Key management personnel

The Board of Directors and the Executive Management are considered EG's key management personnel.

Apart from remuneration, no transactions were carried out with key management personnel. Remuneration of key management personnel is set out in note 1.6 - Staff costs and remuneration of key management personnel.

Other related parties

EG's other related parties include associates as well as family members of key management personnel. No transactions were carried out during the year with other related parties.

§ Accounting policy

Related parties comprise management and legal entities that assert control of EG. Identified legal entities that are asserted control by EG are consolidated into the consolidated financial statements.

Note 4.2 – Fees to auditor

DKK million	2023	2022
Total fees to statutory auditor:		
PricewaterhouseCoopers		
Statutory audit	5	4
Other assurance services	2	5
Tax advisory services	1	5
Other non-audit services	8	15
Total	**16**	**29**

§ Accounting policy

Fee to auditors comprises cost recognised related to services and audit provided by the statutory auditor elected at the general assembly for EG.

Note 4.3 – Contingent liabilities and other financial liabilities

EG has delivered on all EG's deliverables in 2023 in regards to the KY project. EG has entered into back-to-back agreement in regards to the deliverables going forward. Management does not expect the risk to imply a material negative effect for EG.

Subject to customary legal provisions, EG A/S and subsidiaries act as guarantors of loans for the entity EG Midco ApS.

Subject to common law, assets amounting to DKK 9,170 million (2022: DKK 7,584 million) are pledged as security for non-current borrowings to banks amounting to DKK 6,031 million (2022: DKK 5,186 million).

EG is subject to contractual obligations regarding IT Services totaling DKK 33 million (2022: DKK 27 million) in terminable agreements with a termination period of 3 - 16 months.

Contingent liabilities:

DKK million	2023	2022
Bank guarantees	4	4
Total	**4**	**4**

§ Accounting policy

Contingent liabilities comprise liabilities of a combination of:

- an unreliable measurement;
- an unlikely occurrence; and
- an unknown utilisation.

Note 4.4 – Other liabilities

DKK million	2023	2022
Long-term accrued holiday pay	52	49
Accrued holiday pay	98	85
VAT payable	35	29
Payroll tax etc. payable	93	59
Accrued interest	83	58
Other	145	122
Total	**506**	**402**

§ Accounting policy

Other liabilities are recognised at amortised cost.

Note 4.5 – Change in working capital

DKK million	2023	2022
Change in inventories	(2)	(1)
Change in trade and other receivables	(81)	100
Change in trade and other payables	30	(103)
Change in other prepayments and other liabilities	(51)	(32)
Total	**(104)**	**(36)**

§ Accounting policy

Change in working capital is measured as the movement of the working capital from previous year to the current year balance sheet date less the net working capital recognised through business combinations.

Note 4.6 – Adjustments

DKK million	2023	2022
Special items	(178)	(169)
Non-cash movement of special items	(5)	0
Share-based payments	16	19
Total	**(167)**	**(150)**

§ Accounting policy

Adjustments comprise:

- non-cash movements in the profit or loss recognised as EBITDA; and
- cash movements in the profit or loss not related to financial activity and not recognised as EBITDA.

Note 4.7 – Subsequent events

Subsequent business combinations

In December 2023, EG signed the acquisition of Zeroni Oy, a leading building site access, workforce, and supplier management vendor. The acquisition is subject to the Finnish foreign direct investment regulation. The addition of Zeroni to EG Construction is highly complementary, adding new software capabilities, new customer segments and expanding EG's geographic footprint, both in Finland and Sweden. Zeroni reported EUR 2.9 million in revenues in 2023 and had 21 employees at the end of the year.

The business combination does not affect the 2023 financial statements.

Ongoing offering

In February 2024, EG announced a recommended public offer to acquire the shares in Swedish listed software company, Mestro AB.

Mestro is a leading vendor of Energy Management Systems in the Nordic Region. The combination of Mestro and EG represents an opportunity to further strengthen this position through continued support of development plans and growth ambitions, both locally and internationally. Together with Mestro, EG can support property managers, operational personnel, and tenants to, not only monitor, analyse, and manage their energy and sustainability efforts, but also to optimise other processes related to developing and operating their facilities, including facility management, lease management, and workplace management, where EG has strong and complementary products.

Other subsequent events

No significant events have occurred after the end of the financial year that affect the 2023 financial statements.

§ Accounting policy

Subsequent events relates to significant events subsequent to the balance sheet date that may impact the economic decision of EG's stakeholders, including subsequent business combinations.

A subsequent business combination is disclosed once closing has occurred or EG has made press releases of intent to purchase shares of unconsolidated legal entities prior to the general assembly.

A subsequent event is disclosed when it may impact the economic decision of EG's stakeholders and has occurred prior to the general assembly.

Section 5

Basis of preparation

This section provides information related to how the annual report has been prepared.

In this section:

Note 5.1 – Significant accounting estimates and judgements

The preparation of these 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.

Note	Item	Estimates	Judgements
1.2	Revenue	x	
1.7	Share based payment	x	
1.9	Deferred tax		x
2.1	Acquisitions	x	
2.2	Intangible assets	x	
2.3	Property, plant and equipment		x
2.4	Special Items		x

§ Significant accounting judgements

The preparation of these 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.

Note 5.2 – General accounting policies

§ Accounting policy

The consolidated financial statements comprise the financial statements of EG A/S and its subsidiaries (collectively "EG") as on 31 December 2023.

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.

Basis of preparation

The consolidated financial statements of EG have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and 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.

EG has prepared the financial statements on the basis that it will continue to operate as a going concern.

The accounting policies are consistent with those applied in the financial statements for 2022.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt, and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Danish Kroner (DKK), which is EG A/S' functional currency, and all values are rounded to the nearest million (DKK million), except when otherwise indicated.

New standards and interpretations

EG has adopted relevant new or amended standards (IFRS accounting standards) and interpretation (IFRIC) as adopted by the EU and which are effect for the financial year 1 January – 31 December 2023.

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments have had an impact on EG's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in EG's consolidated financial statements.

At the date of authorisation of these financial statements, EG has assessed the new and revised standards (IFRS accounting standards) that have been issued but are not yet effective. Based on the current business setup and level of

Note 5.2 – General accounting policies (continued)

activities, none of the new standards or interpretations are expected to have a material impact on EG's consolidated financial statements.

Basis of consolidation

Control is achieved when EG is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, EG controls an investee if, and only if, EG has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when EG has less than a majority of the voting or similar rights of an investee, EG considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- EG's voting rights and potential voting rights.

EG reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when EG obtains control over the subsidiary and ceases when EG loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date EG gains control until the date EG ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of EG and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with EG's accounting policies. All intra-group assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of EG are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If EG loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency translation

EG's consolidated financial statements are presented in DKK, which is also EG A/S' functional currency. For each entity, EG determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. EG uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by EG's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of EG's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).
In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which EG initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, EG determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated into DKK at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Note 5.2 – General accounting policies (continued)

Fair value measurement
EG does not measure assets or liabilities at fair value but applies fair value in the assessment of impairment and initial recognition of assets and liabilities related to business combinations, as well as to calculate the value of transactions related to share-based payments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by EG.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

EG uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At each reporting date, the Corporate Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per EG's accounting policies. For this analysis, the Corporate Management verifies the major inputs applied in the latest valuation by agreeing the in-formation in the valuation computation to contracts and other relevant documents.

The Corporate Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Corporate Management presents the valuation results to the Audit Committee and EG's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, EG has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:
- 1.7 - Share-based payments
- 3.2 - Borrowings
- 3.4 - Financial risk management

Note 5.2 – General accounting policies (continued)

Definition of financial ratios

EBITDA
(Earnings before interest, tax, depreciation, amortisation, and Special 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, amortisation, and impairment losses.

Net working capital
= Inventory + trade receivables + contract work in progress – trade payables.

Free cash flow
= Operating cash flow – investments in non-current assets.

Adjusted free cash flow
= Free cash flow + special items + non-cash movements on property, plant, and equipment + extraordinary investment in licensing rights.

Revenue growth
= Change in revenue as a percentage of previous year's revenue.

Adjusted EBITDA growth
= Change in Adjusted EBITDA as a percentage of previous year's 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.

Average number of employees
= Average full-time equivalent employees during the reporting period.

Recurring Revenue %
= Recurring Revenue as a percentage of revenue.

Recurring Revenue Growth %
= Recurring Revenue movement as a percentage of previous year's Recurring Revenue.

Adjusted Revenue
= Revenue adjusted to include revenue as if acquisitions were completed on the first day of the relevant accounting period. Figures are stated in fixed currency rates.

Organic Revenue Growth
= Organic Revenue Growth is the development of EG's revenue in relation to the previous year's, including revenue from acquisitions completed in the current and previous year as if the acquisitions had been made on the first day of the previous year. Amounts are stated in fixed currency rates.

Adjusted Recurring Revenue
= Recurring Revenue adjusted to include Recurring Revenue as if the acquisitions were completed on the first day of year. Amounts are stated in fixed currency rates.

Organic Recurring Revenue Growth
= Organic Recurring Revenue Growth is the development of EG's Recurring Revenue in relation to previous year, including Recurring Revenue from acquisitions completed in the current and previous year as if the acquisitions had been made on the first day of the previous year. Amounts are stated in fixed currency rates.

Gross Retention Rate
= Previous year's Adjusted Recurring Revenue less the annualised value of lost customers in the current year divided by previous year's Adjusted Recurring Revenue. The calculation excludes Adjusted Recurring Revenue in previous year relating to certain recent acquisitions where customer data has not yet been in EG's reporting systems to allow for computation.

Net Retention Rate
= Current year's Adjusted Recurring Revenue from customers who were also customers of EG or the ac-quired business in previous year, divided by previous year's Adjusted Recurring Revenue. The calculation excludes revenue in previous year relating to certain recent acquisitions where customer data has not yet been in EG's reporting systems to allow for computation.

Fixed currency rates

DKK / currency	Applied fixed exchange rate
NOK	72.0000
SEK	70.0000
EUR	746.0380
PLN	166.0000
INR	8.6400
ISK	5.3524
USD	657.0000
GBP	868.0000

Note 5.3 – Group structure

Entity	Country	Group ownership	Ownership interest	Voting percentage
Lancelot UK Finco Limited				
EG A/S	DK	Lancelot UK Finco Limited	100%	100%
EG Midco ApS	DK	EG A/S	100%	100%
EG Danmark A/S	DK	EG Midco ApS	100%	100%
Dynaway A/S	DK	EG Danmark A/S	100%	100%
Sigma Estimate A/S	DK	EG Danmark A/S	100%	100%
EG Hairtools ApS	DK	Merged with EG Danmark A/S		
Xena ApS	DK	EG Danmark A/S	100%	100%
CalWin A/S	DK	EG Danmark A/S	100%	100%
EG Digital Welfare ApS	DK	EG Danmark A/S	100%	100%
ShowMyDay ApS*/**	DK			
Ajour System A/S	DK	Merged with EG Danmark A/S		
Ajour System GmbH**	DE			
InfoCD A/S*	DK	Merged with EG Danmark A/S		
Groupcare A/S*	DK	EG Danmark A/S	100%	100%
Groupcare AS*	NO	GroupCare A/S	100%	100%
Groupcare AB*	SE	GroupCare A/S	100%	100%
EG Norge AS	NO	EG Danmark A/S	100%	100%
Hano AS	NO	Merged with EG Norge AS		
EasyUpdate AS	NO	Merged with EG Norge AS		
EG Retail AS	NO	EG Norge AS	100%	100%
EG Retail AB	SE	EG Retail AS	100%	100%
Front Systems AS	NO	EG Norge AS	100%	100%
Front Development Spain SL	ES	Front System AS	100%	100%
Ørn Software Holding AS	NO	Merged with EG Norge AS		
Ørn Software AS	NO	EG Norge AS	100%	100%
Facility Management AS	NO	Merged with Ørn Software AS		
Landax AS	NO	Merged with Ørn Software AS		
MainManager Norge AS	NO	Merged with Ørn Software AS		
Ørn Software AB	SE	Ørn Software AS	100%	100%
Entro AB	SE	Ørn Software AS	100%	100%
Örn Software Ehf	IS	Ørn Software AS	100%	100%
Ørn Software ApS**	DK			

Entity	Country	Group ownership	Ownership interest	Voting percentage
PatientSky APP AS*	NO	Merged with EG Norge AS		
PatientSky SaaS Norway AS*	NO	Merged with EG Norge AS		
Hove Medical Systems AS*	NO	Merged with PatientSky SaaS Norway AS		
InfoDoc AS*	NO	Merged with PatientSky SaaS Norway AS		
Acino AS*	NO	Merged with PatientSky SaaS Norway AS		
Programvareforlaget AS*	NO	Merged with PatientSky SaaS Norway AS		
PatientSky Hosting AS*	NO	Merged with PatientSky SaaS Norway AS		
CheckWare AS*	NO	EG Norge AS	100%	100%
CheckWare AB*	SE	CheckWare AS	100%	100%
CheckWare Ltd.*	UK	CheckWare AS	100%	100%
CheckWare Sp. z o.o*	PL	CheckWare AS	100%	100%
Holte AS	NO	EG Danmark A/S	100%	100%
EG Finland Oy	FI	EG Danmark A/S	100%	100%
Ørn Software Holding Oy	FI	Merged with EG Finland Oy		
Rapal Oy	FI	Merged with Ørn Software Holding Oy		
EG Software Finland Oy	FI	EG Finland Oy	100%	100%
Silverbucket Oy	FI	Merged with EG Software Finland Oy		
Jydacom Oy	FI	Merged with EG Software Finland Oy		
EnerKey Oy	FI	Merged with EG Software Finland Oy		
EnerKey Sweden AB**	SE			
EG Sverige AB	SE	**EG Danmark A/S**	100%	100%
Zavann AB	SE	EG Sverige AB	100%	100%
Props Utility Solutions AB*	SE	EG Sverige AB	100%	100%
Props Utility Services AB*	SE	Props Utility Solutions AB	100%	100%
EG Poland Sp. z o.o	PL	EG Danmark A/S	100%	100%
Holte Software Poland Sp. z o.o	PL	Merged with EG Poland Sp. z o.o		
EGDK INDIA PRIVATE LIMITED	IN	EG Danmark A/S	100%	100%
EG US Inc.	US	EG Danmark A/S	100%	100%
PLSP A/S	**DK**	**EG Danmark A/S**	33,3%	33,3%
FloraInfo ApS	**DK**	EG Danmark A/S	14,2%	14,2%

* Acquired during 2023
** Disposed during 2023

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 2023.

The Annual Report has been prepared in accordance with IFRS accounting 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 2023 of EG and the Parent Company and of the results of EG and Parent Company operations and cash flows for 2023.

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

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

Ballerup, 13 March 2024
Executive Board

Mikkel Bardram, CEO

Henrik Hansen, CFO

Board of Directors

Klaus Holse, Chair

Petri Oksanen, Vice Chair

Michael William Barry

Carsten Nygaard Knudsen

Quentin Lathuille

Jane Wiis

Jean-François Burguet

Poul Ejner Rabjerg
Board Employee Representative

Lone Nedergaard-Jensen
Board Employee Representative

Stein Rustad
Board Employee Representative

Independent auditor's report

To the Shareholder 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 2023 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 2023 in accordance with IFRS Accounting 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 A/S for the financial year 1 January – 31 December 2023, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information , 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial 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 IFRS Accounting 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 skepticism 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.

Aarhus, 13 March 2024
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Henrik Berring Rasmussen
State Authorised Public Accountant
mne34157

Parent company financial statements

Content

Parent company financial statements

Primary statements

Statement of comprehensive income

DKK million	Note	2023	2022
Staff cost	2	8	8
Other operating income		8	8
EBITDA		**0**	**0**
Special items		0	3
EBIT		**0**	**(3)**
Share of profit/loss after tax on investments in subsidiaries	4	(475)	(261)
Finance income		4	0
Finance costs		2	0
Profit before tax		**(473)**	**(264)**
Income tax	3	(2)	1
Profit for the year		**(475)**	**(263)**
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign subsidiaries		(64)	(78)
Net items that may be reclassified to profit or loss in subsequent periods		**(64)**	**(78)**
Items that will not be reclassified to profit or loss in subsequent periods			
Other comprehensive income in subsidiaries		29	0
Net items that will not be reclassified to profit or loss in subsequent periods		**29**	**0**
Other comprehensive income		**(35)**	**(78)**
Total comprehensive income for the year, net of tax		**(510)**	**(341)**

Balance sheet

DKK million	Note	2023	2022
ASSETS			
Investments in subsidiaries	4	362	856
Non-current assets		**362**	**856**
Trade and other receivables		2	0
Receivables from group companies	9	1,175	0
Prepayments		17	0
Income tax receivable		0	3
Current assets		**1,194**	**3**
Total assets		**1,556**	**859**
EQUITY AND LIABILITIES			
Share capital	5	50	50
Translation reserve		(125)	(61)
Retained earnings		1,264	864
Total equity		**1,189**	**853**
Borrowings from group companies	6.9	341	0
Non-current liabilities		**341**	**0**
Payable to group companies		0	3
Income tax		22	0
Other liabilities		4	3
Current liabilities		**26**	**6**
Equity and liabilities		**1,556**	**859**

Statement of changes in equity

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2023	**50**	**(61)**	**864**	**853**
Total comprehensive income for the year	**0**	**(64)**	**(446)**	**(510)**
Share-based payment	0	0	16	16
Received group contribution	0	0	830	830
Transaction with owners	**0**	**0**	**846**	**846**
Equity at 31 December 2023	**50**	**(125)**	**1,264**	**1,189**

DKK million	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2022	**50**	**17**	**1,108**	**1,175**
Total comprehensive income for the year	**0**	**(78)**	**(263)**	**(341)**
Share-based payment	0	0	19	19
Transaction with owners	**0**	**0**	**19**	**19**
Equity at 31 December 2022	**50**	**(61)**	**864**	**853**

Cash Flow statement

For the year ended 31 December 2023

DKK million	2023	2022
Cash flow from operating activities		
EBITDA	0	0
Adjustments	0	(3)
Change in working capital	5	3
Income tax paid	(5)	0
Cash flow from operating activities	**0**	**0**
Cash flow from investing activities	**0**	**0**
Cash flow from financing activities		
Proceeds from non-current borrowings	340	0
Issuance of non-current borrowings	(1,170)	0
Group contributions	830	0
Cash flow from financing activities	**0**	**0**
Change in cash flow for the year	0	0
Cash and cash equivalents at 1 January	0	0
Effects of exchange rate changes of cash and cash equivalents	0	0
Cash and cash equivalents at 31 December	**0**	**0**

Note 1 – Basis of preparation

The financial statements of EG A/S have been prepared in accordance with the IFRS accounting standards 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 is-sued pursuant to the Danish Financial Statements Act.

Other areas described in note 5.2 to the consolidated financial statements also apply as the basis of preparation of the parent company financial statements where relevant.

Accounting policies

With the exception of the accounting policies described in note 4 – Investments in subsidiary, the accounting policies for EG A/S are the same as EG's accounting policies, cf. the notes to the consolidated financial statements.

Use of estimates, assumptions and judgements

Use of estimates, assumptions and judgements are the same as for EG to the extent they are similar accounting items, cf. note 5.2 to the consolidated financial statements.

Investment in subsidiaries

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

Note 2 – Staff costs and remuneration to key management personnel

The Executive Management are shareholders in the company but are not receiving any salary compensation package from any other company further up in the ownership structure.

DKK million	2023	2022
Average number of employees	2	2
Wages and salaries	4	4
Defined contribution plans	1	1
Performance-based bonus	3	3
Total	**8**	**8**

Remuneration to key management personnel

DKK million	2023	2022
Wages and salaries	9	8
Defined contribution plans	1	1
Share-based payments	2	5
	12	**14**
Hereof:		
Executive Management	8	9
Board of Directors	4	5
Total	**12**	**14**

Note 3 – Tax

EG A/S is taxed jointly with all Danish subsidiaries. The current Danish income tax is allocated to the jointly taxed entities in proportion to their taxable income. Entities utilising tax losses in other entities pay a joint taxation contribution to the parent equal to the tax base of the losses used, while entities whose tax losses are utilised by other entities receive a joint taxation contribution from the parent equal to the tax base of the losses used (full allocation). The jointly taxed entities are taxed under the Danish corporate tax act.

Note 4 – Investments in subsidiaries

DKK million	2023	2022
Cost at 1 January	1,863	1,863
Cost at 31 December	**1,863**	**1,863**
Revaluation and impairment at 1 January	(1,007)	(687)
Distributed result incl. amortisation and impairment of goodwill after tax	(475)	(261)
Exchange rate adjustments	(64)	(78)
Other comprehensive income in subsidiaries	29	0
Share-based payments	16	19
Revaluation and impairment at 31 December	**1,501**	**(1,007)**
Carrying amount at 31 December	**362**	**856**

Note 5 – Equity

§ 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 statement of profit or loss item "Income from investments in subsidiaries".

	2023			**2022**		
	Number of shares	**at DKK**	**Share capital (DKK million)**	**Number of shares**	**at DKK**	**Share capital (DKK million)**
The share capital consists of	50,000,000	1	50	50,000,000	1	50

Share capital 5 year movement	**2023**	**2022**	**2021**	**2020**	**2019**
Beginning of year	50	50	0	0	0
Capital increase	0	0	50	0	0
End of year	**50**	**50**	**50**	**0**	**0**

Note 6 – Borrowings

Long-term borrowings mature in 2028.

Note 7 – Fees to auditor

Fees to statutory auditor is included within the consolidated financial statements, cf. note 4.2.

Note 8 – Contingent liabilities and other financial liabilities

EG A/S is jointly taxed with EG's Danish subsidiaries. The total amount of payable income tax is disclosed in the annual report of EG A/S, the administration company. EG'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 EG's liability.

Subject to customary legal provisions, EG A/S act as guarantor of loans for the entity EG Midco ApS. Subject to common law, assets amounting to DKK 1,556 million (2022: DKK 859 million) are pledged as security for subsidiaries' non-current borrowings to banks amounting to DKK 6,031 million (2022: DKK 5,186 million).

Note 9 – Related parties

Parent and ultimate controlling party

EG A/S is fully owned by Lancelot UK Finco Ltd, London with Lancelot UK Holdco Ltd., London being the ultimate Parent Company and is included in the Consolidated Annual Reports of Lancelot UK Holdco Ltd., London.

Key management personnel

The Board of Directors and the Executive Management are considered EG's key management personnel. Apart from remuneration as set out in note 1.6 - Staff costs and remuneration of key management personnel, there were no significant transactions with the members of the Board of Directors or the Executive Management.

Other related parties

Other related parties include subsidiaries as well as family members of key management personnel. EG's interests in subsidiaries are set out in note 5.3 to the consolidated financial statements.

No significant transactions were carried out during the year with other related parties, except for intra-group transactions eliminated in the consolidated financial statements.

Transactions are made on market terms.

DKK million	2023	2022
Sales to related parties	10	9
Purchase from related parties	0	0
Receivables from related parties, parent companies	0	0
Receivables from related parties, subsidiaries	1,175	0
Receivables from related parties	**1,175**	**0**
Related party debt, parent companies	341	0
Related party debt, subsidiaries	0	3
Related party debt	**341**	**3**

Note 10 – Financial risk management

EG A/S is exposed to a number of financial risks, mainly interest rate risk, currency risk and liquidity risk.

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

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

More information regarding financial risk management is provided in note 3.4 to the consolidated financial statements.

Note 11 – Distribution of profit or loss

The Executive Management proposes that the comprehensive income for the year be distributed as follows:

DKK million	2023	2022
Translation reserve	(64)	(78)
Retained earnings	(446)	(263)
Total	**(510)**	**(341)**

Note 12 – Subsequent events

No significant events have occurred after the end of the financial year that affect the 2023 financial statements.

www.eg.dk Company reg. (CVR) no. 40 40 60 93 1 January – 31 December 2023 Lautrupvang 24, 2750 Ballerup