

Zacco A/S

Central Business Registration no. 26 00 05 56

Arne Jacobsens Allé 15, 2300 Copenhagen, Denmark

Annual report for 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 9 June 2023

Mikael Palade

Chairman of the Meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Zacco A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 8 June 2023

Executive Board

Mats Boström
CEO

Therese Högberg
CFO

Board of Directors

Selva Selvaratnam
Chairman

Jesper Kongstad
Vice Chairman

Beverley Edward J Dew

Michael John Currie

Anne Merete Kvistad Haugerud

Casper Struve

Peter Storm

Independent Auditor's Report

To the shareholders of Zacco A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Zacco A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent company 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.

Management's responsibility for the consolidated financial statements and the parent company 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 the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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

Independent Auditor's Report

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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Independent Auditor's Report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 8 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab
Cvr. No. 25 57 81 98

Klaus Rytz
State Authorised
Public Accountant
mne33205

Company information

The Company

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2300 Copenhagen S

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Central Business
Registration No: 26 00 05 56
Financial year: 1 January – 31 December
Registered in: Copenhagen

Board of Directors

Selva Selvaratnam, Chairman
Jesper Kongstad, Vice Chairman
Beverley Edward J Dew
Michael John Currie
Casper Struve, employee representative
Anne Merete Kvistad Haugerud, employee representative
Peter Storm, employee representative

Executive Board

Mats Boström
Therese Högberg

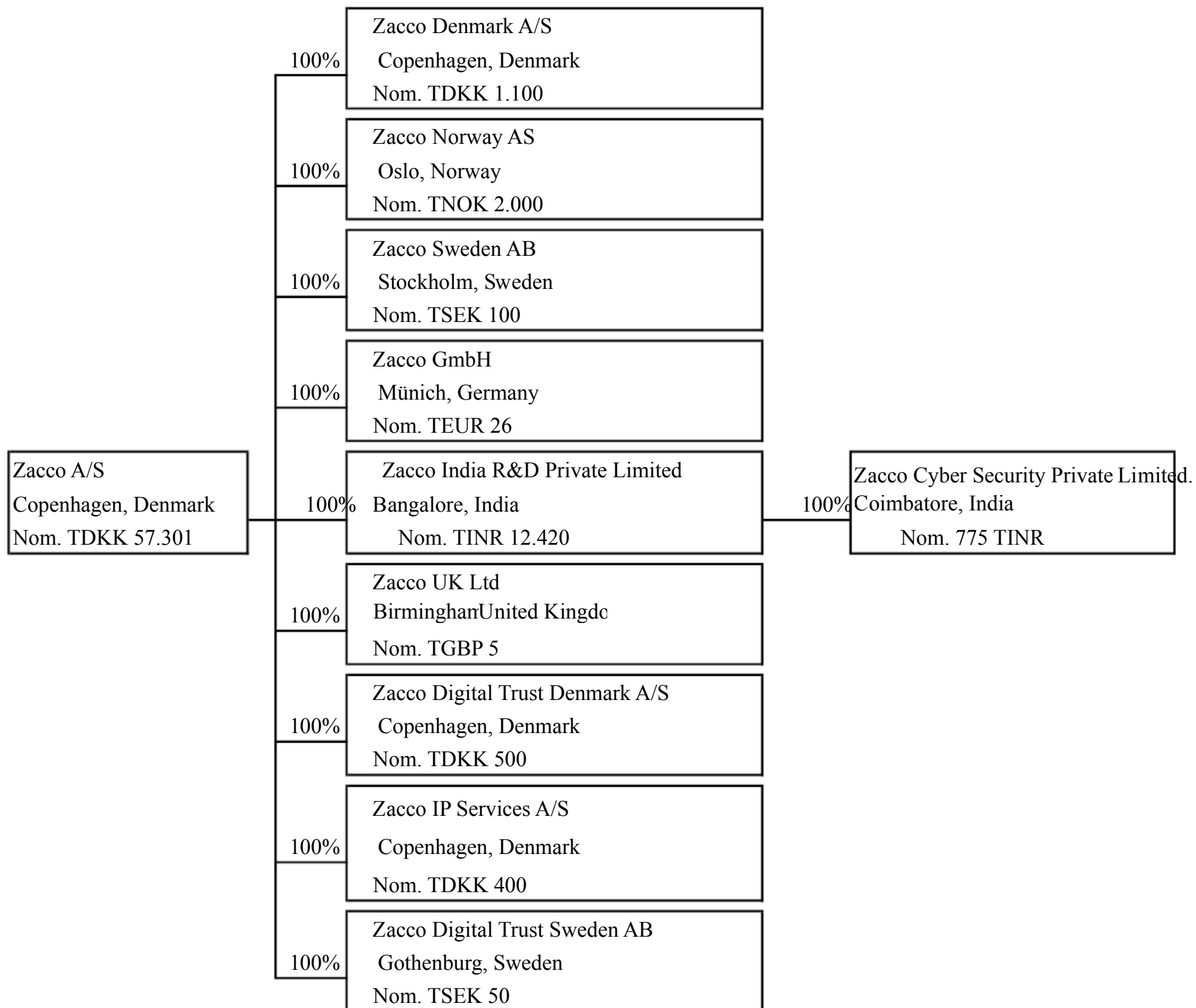
Lawyers

Lundgrens
Tuborg Havnevej 19
DK-2900 Hellerup

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Registration No: 25 57 81 98

Group chart at 31 December 2022



Management review

Performance highlights

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Financial performance					
Revenue	679.88	632.61	615.81	644.66	598.64
EBITDA	48.44	22.06	21.64	10.07	11.90
Profit before financial income and expenses	44.921	18.554	18.980	6.581	8.854
Net financial	-1.61	-2.26	-4.31	-3.43	-2.73
Profit for the year	33.38	15.74	9.85	2.13	4.78
Balance sheet					
Balance sheet total	300.13	277.00	275.44	229.59	221.05
Investments in property, plant and equipment	2.913	1.349	2.204	4.661	771
Equity	185.49	154.21	137.64	111.29	106.39
Cash flows					
Cash flows from					
Operating activities incl. paid	4.10	-27.46	69.42	-7.30	1.061
Investing activities	-32	-6.75	-3.08	-8.80	-1.13
Financing activities	4.93	71	16.33	2.63	9.54
Change for the year in cash and cash equivalents	8.713	-33.506	82.673	-13.472	9.471
Average number of employees	509	475	494	490	370
Ratios in % *					
Gross margin	50,7%	51,3%	52,5%	51,6%	53,2%
Profit margin	6,6%	2,9%	3,1%	1,0%	1,5%
Return on assets	15,0%	6,7%	6,9%	2,9%	4,0%
Solvency ratio	61,8%	55,7%	50,0%	48,5%	48,1%
Return on equity	19,7%	10,8%	7,9%	2,0%	4,8%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Institute of Financial Analysis

*) Definitions are shown under accounting policies on page 25.

Management's review - operating review

The Group's principal activities

Zacco is an international IP consultancy handling more than 250,000 active IP rights. Zacco provides diverse and class leading services within the extended IP field. Zacco is the clear market leader in Scandinavia and is positioned amongst the three largest IP companies in Europe, providing services from 28 offices in Sweden, Denmark, Norway, Germany, the UK and India, and subcontracting to international IP firms through an extensive global network with 200 preferred agents in more than 120 countries.

Market overview

Zacco is a modern, full-service intellectual property consultancy building on more than 150 years' experience of innovative thinking. The company offers an all-encompassing 360° perspective on intellectual property: From patent filing, trademark registration and design protection to secure development, digital brand protection, digital threat intelligence, cyber security, innovation management and portfolio management. By combining the traditional IP disciplines with services within the space of cyber security space, digital threat intelligence, secure development and digital brands, Zacco is in a unique position to offer comprehensive support in developing, securing, monitoring, managing and enforcing all forms of intangible assets.

Business development

Zacco has delivered stable results and strong growth during 2022. There has been a positive order and case inflow from new and existing clients, supported by the roll-out of IPview.

Zacco has continued the work of upgrading our entire service offering, from identifying, managing and monitoring intangible assets to enforcing our clients' IP rights. The world is becoming increasingly digital, and so are the assets of our clients, so Zacco has a developed ambition to help our clients secure their assets in many forms.

The rollout of IPview, our new digital platform, has been met with much success. Its scope and functionality is appreciated by our clients and it has been the catalyst for a number of business development discussions with clients for Zacco to expand the services that we can offer them. Zacco has continued to invest in technology and process improvements and the continued rollout of IPview has meant that we are now starting to release additional or accompanying features. The portal will allow for collective collaboration on a portfolio and we recently launched our online validation portal, which allows clients to place an order, or to provide instructions, directly within the portal.

The weak grant rate at the EPO continued to recover during 2022, but slower than expected, however anticipation is building towards the launch of the Unified Patent Court (UPC), which will change the future of the European Patent landscape. Formalities are still being finalised but patent owners will be required to actively 'opt-out' their granted EP rights from the court's jurisdiction. We will continue to raise awareness, building momentum towards the date when the new court comes into force, likely in mid-2023,

In 2022 Zacco received considerable independent recognition, awarded both Scandinavian Firm of the Year for Patents by Managing IP and Trademark Firm of the Year for Sweden by the World Trademark Review, both respected opinions within the field of intellectual property. This is alongside our consideration as Top Tier or highly ranked firms among other areas of consideration, as well as the continued recognition of the growing number of our colleagues who are frequently ranked among the best practitioners in the world.

While the financial turbulence of the pandemic appears to have mostly subsided, there remains a number of unpredictable issues, including ongoing conflicts, the energy crisis and inflation, all of which have the potential to impact Zacco's clients. However, we continue to improve our financial position, improving our services and developing additional opportunities for growth. We remain ready to support our clients with the challenges they face, from intellectual property to cyber security

In total, Zacco has approximately 500 employees in 28 offices in Sweden, Denmark, Norway, Germany, UK and India. Zacco is, as always, interested in attracting and retaining talented employees.

Management's review - operating review

Development in activities and financial position

Revenue in 2022 increased by 7%, compared with a revenue increase of 3% in 2021 and decrease of 4% in 2020. EBIT full year 2022 was DKK 44.9 million, compared to DKK 18.6 million in 2021 and DKK 19.0 million in 2020. During recent years Zacco has been investing in the recruitment of new employees, facilitating future growth and profit generation, digital business and the platform. EBT in 2022 was DKK 43.3 million, a strong increase from DKK 16.3 million the preceding year. Cash at bank and in hand has increased from DKK 63.8 million to DKK 72.5 million between 2022 and 2021.

Events after the balance sheet date

OpSec Security acquired Zacco A/S per 17th of April 2023. OpSec Security is the global leader in brand protection solutions and the combined business will offer full lifecycle IP and brand optimization, monetization, protection solutions to some of the world's most recognized brands.

Intellectual capital

Zacco's business is, to a large degree, a people's business. Retaining and attracting the right people with the right skills, competences, knowledge, commitment and customer relations are the most important intellectual capital resources in the business. As an established business, operating for more than 150 years, Zacco has a comprehensive network of domestic and international customers and business partners.

Particular risks

Operating risks

The Company's business area is the provision of diverse consulting services within IP and, for this reason, the Company's most important and exposed resource is continued access to talent.

Zacco has invested in developing a new world-class platform, but improvements to IT infrastructure, data systems and processes are still necessary to ensure seamless and efficient operations.

Financial risks

Currency exposure

Zacco has considerable trade with other countries. The major currency exposure is in the following currencies between DKK and SEK, NOK, INR, EUR, GBP and USD.

Interest rate risk

The Company is not exposed to any material interest rate risk.

Market risks

Zacco operates in a growing, evolving market and our position as an international, dynamic and market-oriented organization ensures we are in a good position to adapt to most changes. Globalization has resulted in the long term trend of legislation becoming more and more harmonized, e.g. Unitary Patents, which add pressure and increase competition as the need for local agencies will be reduced.

Credit risks

The Group's policy of assessment of credit risks results in current credit assessments of large customers and trading partners. The effects from covid-19 have been limited. By the end of 2022, no significant credit risk has been noted.

Operating review

In 2022, Zacco has continued our efforts to strengthen the information security and we have also increased the efforts in the area of sustainability. In the latter area, further processes and routines will be implemented as part of Zacco taking assistance from EcoVadis.

Management's review - Corporate Social Responsibilities

Corporate social responsibility

Corporate social responsibility forms an integral part of the Zacco group core values and is embedded in the way we carry out business, in both domestic and international settings. In connection with the Danish Statements Act § 99a, the management will report on matters in relation to its corporate social responsibility. Zacco's focus areas for corporate social responsibility are environmental and climate issues, human rights, and equal rights and opportunities for all.

Business Model

Zacco specializes in protecting a range of tangible and intangible assets; from ideas, visions, data, know-how and trade secrets to intellectual property rights such as patents and trademarks, among others. We rely on the four guiding steps: We identify, manage, monitor, and then enforce when necessary. Zacco provides its services using professional staff in Europe or India and our clients and customers are primarily based in Scandinavia and Germany, but also spread across several other countries. The services are often delivered in cooperation with a global network of preferred agents.

Environmental and climate matters

Zacco believes that businesses are responsible for maintaining good environmental practices and to operate in a sustainable manner. Zacco's risks related to Environment and Climate relates mainly to energy consumption and use of materials. We are therefore committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. Zacco continues to establish office locations, both within and beyond Europe, potentially resulting in additional travel and its associated emissions. It has always been our ambition to limit air travel wherever possible, choosing to rely on meetings via phone or video. During the covid-19 pandemic, travelling decreased and meetings held by video or phone become widespread, our plan is to continue to limit travel, choosing instead to conduct meetings by video or phone. The strategy for Zacco moving forward is to continue our efforts to reducing our environmental impact and improving our environmental performance.

Our policy is to

- Wholly support, comply with or exceed the requirements of current environmental legislation and codes of practice
- Minimize our waste and reuse or recycle as much of it as possible
- Strive to minimize printing
- Use, as far as possible, electronic communication when we communicate with clients, agents and authorities
- Encourage clients and agents to use electronic communication when communicating with Zacco
- Strive to recycle and possibly reuse electronics and other equipment
- Minimize energy and water usage in our buildings, vehicles and processes in order to conserve supplies, and minimize our consumption of natural resources, especially where they are non-renewable
- Apply the principles of continuous improvement in respect to air, water, noise and light pollution from our premises and reduce any impacts from our operations on the environment and local community
- As far as possible, purchase products and services that do minimal damage to the environment and encourage others to do the same
- Assess the environmental impact in advance of any new processes or products we intend to introduce.

The Zacco Management Team is responsible for environmental management and performance and the integration of sustainable development within Zacco. All employees share this responsibility and are supported by key staff to help promote best practice, continual improvement and to monitor performance.

Human rights

Zacco follows and respects the UN Global Compact initiative as well as the UN Universal Declaration of Human Rights. In 2020 we implemented a group common Anti-Harassment and non Discrimination Policy in order to give equal rights and opportunities. Twice a year we perform an Employee Satisfaction Survey with standard questions regarding job satisfaction and associated free text fields. The data collection and compilation are made by a third party to ensure anonymous handling. Each survey we have a special focus area and we have had discrimination & harassment as a specific area to get input from all employees.

Management's review - Corporate Social Responsibilities

Employee conditions and social matters

Zacco is influenced by the Scandinavian working culture, as most of our offices are placed in Scandinavia and Northern Europe. This means that we have a flat organizational structure and that future employees should expect to be involved "from day one". We believe in freedom under responsibility and support flexibility in the job as long as it goes both ways. We also encourage competency development in order for our employees to stay up-to-date with changes in the industry and continue to improve their skills.

Zacco has high ambitions with regard to employee conditions, employee benefits for example in connection with long-term illness, and pregnancy should be more generous than the local legislation. Responsibility for workplace health and safety is handled by a representative from the Zacco Management Team and local workplace health and safety employee representatives.

Zacco works proactively to create a good physical and psychological work environment. As mentioned Employee Satisfaction Surveys are carried out twice a year and participation in these surveys is above 80%. In 2022 we had physical and psychological work environment as focus area. Our overall process when the data is collected and compiled follow these steps:

- Each regional director get the regional results and the team managers get the team results.
- The results is presented at regional all staff meetings and in respective team meetings.
- HR Director and HR-responsible check that feedback is given.
- Each region decides how to bench-mark team by team and development over time.
- If serious issues or feedback arises that is handled case by case by HR Director and if relevant together with HR-responsible/regional director/CEO/COO or Zacco Management Team-representative.

The employee turnover is also measured and analyzed in all parts of the Zacco Group. During recent years, turnover has remained stable. Zacco has implemented all applicable labour and health and safety laws and we strive to present all employees with the opportunities and training to continually develop their capabilities and skills.

After the Covid 19 pandemic Zacco offices continue to be our primary place of work but recent global events and rapid advances in technology have led the transition to more flexible working environments. Zacco supports flexibility in the workplace and we recognize that the possibility to work from outside of the office may sometimes be necessary, as well as contributing to a healthy work/life balance. In 2022 we implemented a common group policy that in the guideline part highlights that Zacco encourages all employees to remain vigilant and use caution when working remotely.

Anti-corruption and anti-bribery

Zacco believes that sustainable success in business is only possible where there is free and fair competition. Based on these fundamental principles and our legal obligations, Zacco has a policy not to tolerate any form of corruption or bribery and the overall objective is to prevent any officer, director, agent or person performing services for our company, or in its name, from giving or receiving bribes of any kind. Zacco shall conduct its business in full legal compliance wherever it operates and Zacco has zero tolerance for corruption, whether public or private, whether direct or indirect. Zacco strives to continue applying said policy.

The main risks with regard to corruption and bribery are in contacts with government officials in countries where Zacco operates. Since Zacco has limited large-scale procurement and because Zacco apply a strict quality standard, including a four eyes principal in all case-handling the risk for Zacco employees receiving bribes is small. No events in relation to anti-corruption and bribery have been identified during the fiscal year.

Goals and policies for the underrepresented gender

By having a diverse management composition Zacco aims to increase work quality and interaction within the management team. In connection with the Danish Statements Act § 99b Zacco has set the following diversity objectives, which are reviewed once per year.

At least 25% of the board members elected at the General Meeting should be women. Today 1 out of 7 board members is female. During the coming years, Zacco aims to increase female representation through active recruitment of female board members. The goal that at least 25% of board members should be female is expected to be achieved no later than 2024 and the board encourage shareholders to nominate female candidates to the upcoming election of the board.

Management's review - Corporate Social Responsibilities

39% of managers at all levels in Zacco are women, representing an increase since last year 35 %. The general ambition however, is to increase the proportion of women in managerial positions. In recruitment and promotion processes it is Zacco's ambition to further increase the number of female managers. This will be done through stronger encouragement to female employees to apply for management roles.

Zacco will continue to have generous policies with regard to parental leave, flexible working hours and working from home. This gives all employees the possibility to achieve a good work-life balance as well as being important contributors to Zacco's continued success.

Data ethics

At Zacco, we take data ethics seriously and have a number of policies as guidelines:

- Ownership – it is the client or individual who owns their data
- Security and Confidentiality – we shall maintain a high level of security and confidentiality in order not to comprise the data of our clients and other stakeholders.
- Trust – it is not just about knowing what you are doing with data at any given moment, but rather understanding what is happening with it and how it is being respected across the entirety of the lifecycle.
- Accountability - make data ethics part of the day to day business for the whole organization, not just the data specialists

As examples of our committed work to data ethics and security we can mention the following.

Security

Our security processes and organizational measures are regularly tested to assess their effectiveness and all controls are regularly reviewed and adjusted to ensure they remain fit for purpose in maintaining a consistently high level of protection. Such procedures and processes govern all of our operations. We limit access only to areas required for an employee to complete tasks associated with their role, we conduct regular reviews of system access lists and we implement immediate termination of access for personnel who no longer require it. We also employ minimum complexity and strength requirements for user credentials, Multi-Factor Authentication (MFA) and the use of industry standard levels of encryption.

The data of every client who has allowed their confidential information to be accessible via the cloud is kept separate from the data of other clients or customers. Access is restricted, monitored and logged, irrespective of who is accessing the system. Our Cyber Defence Centre (CDC) continuously monitors all incoming, outgoing and internal data traffic, as part of protecting our network infrastructure and communications. Our CDC is ISO certified for ISO 27001: Information Security, ISO 27701: Privacy Information and ISO 22301: Business Continuity Management Systems.

Zacco employees receive regular training and updates on organizational policies and procedures as part of our program called BeAware. This includes security requirements and education as well as training on the correct use of information-processing facilities.

All decisions regarding data ethics and security are anchored within our corporate management who continuously monitor the subject and if needed, amend and update the policies.

Privacy

Privacy is a critical aspect of our operations and we are committed to securing personal information. Aside from securing data digitally within our systems, we also have robust policies and processes in place to ensure that all information is handled in adherence to regulatory requirements.

We have a Data Protection Policy in order to establish an internal control system containing legally binding principles for the processing of all Personal Data within Zacco group of companies in accordance with the EU General Data Protection Regulation 2016/679 (GDPR).

A written contract in the form of a Data Protection Agreement is entered into when Zacco is processing Personal Data and similarly, a Data Protection Agreement is entered into when someone else is processing Personal Data on behalf of Zacco.

If there is a transfer of Personal Data from Zacco to a country outside the EEA not recognised by the EU Commission as ensuring an adequate level of protection, we provide appropriate safeguards by entering into an EU Standard Contractual Clauses (SCC).

Management's review - Corporate Social Responsibilities

When we act as processor, we keep the Personal Data confidential and ensure that anyone allowed to process Personal Data is committed to confidentiality. We only make Personal Data available to employees who actually need the Personal Data to perform services and we implement appropriate technical and organizational security measures.

We have procedures in place in the unlikely event of a breach of Personal Data and we have an appointed Data Protection Officer.

Consolidated financial statements

Income statement 1 January to 31 December

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Revenue	1	679.882	632.613	-	-
Cost of sales		-264.165	-232.783	-	-
Other external expenses		-70.983	-75.122	-4.176	-1.085
Gross profit		344.734	324.708	-4.176	-1.085
Staff costs	2	-297.197	-304.553	-536	-171
Other operating income	3	907	1.911	-	-
Amortisation and depreciation	4	-3.523	-3.512	-440	-480
Result before financial income and expenses		44.921	18.554	-5.152	-1.736
Result from investments in subsidiaries	5	-	-	36.360	16.943
Financial income	6	18.795	8.810	10.110	5.008
Financial expenses	7	-20.413	-11.075	-10.198	-4.417
Result before tax		43.303	16.289	31.119	15.798
Tax on profit for the year	8	-9.915	-413	2.269	-51
Result before minority interests		33.388	15.876	33.388	15.747
Minority interests share of subsidiaries' profit/loss	5	-	-	-129	-
Profit / (Loss) for the year	9	33.388	15.747	33.388	15.747

Consolidated financial statements

Balance sheet

Note	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
Assets				
Goodwill	2.631	3.403	-	-
Customer rights (badwill)	614	1.296	-	-
Intangible assets	10	3.245	4.699	-
Other fixtures and fittings, tools and equipment	4.852	4.314	634	1.074
Property, plant and equipment	11	4.852	4.314	634
Investments in subsidiaries	-	-	160.954	132.109
Deposits	3.856	3.417	-	-
Other investments	1.824	2.944	1.813	2.932
Fixed asset investments	12	5.680	6.361	162.767
Fixed assets		13.777	15.374	163.401
Trade receivables	162.979	147.500	-	18
Contract work in progress	13	33.414	25.672	-
Receivables from group enterprises	-	-	19.362	25.964
Receivables, joint tax contribution	-	-	2.378	-
Other receivables	6.116	7.234	26	120
Income taxes	-	1.895	-	-
Deferred tax asset	14	4.212	8.389	2.390
Prepayments	7.107	7.124	1.154	997
Receivables		213.828	197.815	25.309
Cash at bank and in hand	15	72.530	63.817	5.020
Total current assets		286.358	261.632	30.329
Assets		300.135	277.006	193.730
				170.450

Consolidated financial statements

Balance sheet

	Note	Group		Parent Company	
		2022	2021	2022	2021
		DKK '000	DKK '000	DKK '000	DKK '000
Equity and liabilities					
Share capital		57.302	55.731	57.302	55.731
Reserve for own equity investments		-	-	58.974	29.785
Retained earnings		128.191	98.611	69.217	68.697
Equity before minority interests	16	185.493	154.342	185.493	154.213
Minority interests	12	-	-129	-	-
Equity		185.493	154.213	185.493	154.213
Pension commitments	17	2.189	2.354	-	-
Other provisions	12	-	-	1.712	2.012
Provisions		2.189	2.354	1.712	2.012
Credit institutions	18	-	-	-	7.292
Prepayments received from customers	13	12.466	11.379	-	-
Trade payables		34.586	34.992	1.550	1.575
Income taxes		413	-	-	-
Other payables	19	64.988	74.067	4.975	5.358
Current liabilities		112.453	120.439	6.525	14.225
Liabilities other than provisions		112.453	120.439	6.525	14.225
Equity and liabilities		300.135	277.006	193.730	170.450
Contractual obligations, contingencies,	20				
Fees to auditors appointed at the General Meeting	21				
Related parties and ownership	22				

Consolidated financial statements

Equity statement

Equity - Group	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity at 1 January 2022	55.731	98.482	154.213
Cash capital increase	1.571	3.371	4.942
Purchase of treasury shares	-	120	120
Sale of treasury shares	-	-	-
Exchange adjust. foreign entities	-	-4.057	-4.057
Exchange adjust. on profit for the year	-	-3.113	-3.113
Profit for the year	-	33.388	33.388
Equity at 31 December 2022	<u>57.302</u>	<u>128.191</u>	<u>185.493</u>

Equity - Parent company	Share capital	Reserve for net revaluation under equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2022	55.731	29.785	68.697	154.213
Capital increase	1.571	-	3.371	4.942
Purchase of treasury shares	-	-	120	120
Sale of treasury shares	-	-	-	-
Exchange adjust. foreign entities	-	-4.057	-	-4.057
Exchange adjust. on profit for the year	-	-3.113	-	-3.113
Profit for the year	-	36.360	-2.972	33.388
Equity at 31 December 2022	<u>57.302</u>	<u>58.974</u>	<u>69.217</u>	<u>185.493</u>

Consolidated financial statements

Cash flow statement 1 January to 31 December

	Note	<u>2022</u>	<u>2021</u>
		DKK '000	DKK '000
Profit for the year		33.388	15.747
Adjustments	23	6.418	6.340
Change in working capital	24	<u>-30.650</u>	<u>-43.984</u>
Cash flows from operating activities before net financials		9.156	-21.897
Interest income and similar		17.744	8.542
Interest expenses and similar		<u>-19.366</u>	<u>-11.096</u>
Cash flows from ordinary activities		7.534	-24.451
Paid/repaid Income taxes		<u>-3.428</u>	<u>-3.013</u>
Cash flows from operating activities		<u>4.106</u>	<u>-27.464</u>
Purchase of Goodwill	10	-14	-493
Purchase of customer rights (badwill)	10	-	-1.944
Purchase of property, plant and equipment	11	-2.913	-1.349
Purchase of shares		-1.815	-2.932
Increase/decrease in deposits	12	-440	-162
Sale of fixed assets		27	128
Sale of shares		<u>4.829</u>	<u>-</u>
		<u>-326</u>	<u>-6.752</u>
Treasury shares, net		-9	73
Capital increase	16	<u>4.942</u>	<u>637</u>
Cash flows from financing activities		<u>4.933</u>	<u>710</u>
Increase in cash and cash equivalents		8.713	-33.505
Cash and cash equivalents at 1 January		<u>63.817</u>	<u>97.323</u>
Cash and cash equivalents at 31 December		<u>72.530</u>	<u>63.817</u>

Changes in balance sheet items, presented in the cash flow statement, cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

NOTES to Annual report

Accounting policies

The Annual report of Zacco A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large companies of reporting class C.

The Annual Report for 2022 has been prepared in DKK 1,000.

The accounting policies used in the preparation of the consolidated financial statements and parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Zacco A/S, and subsidiaries in which Zacco A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 6 and 33.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) is recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Segment information

Segment information is provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Income statement

Revenue

Revenue equals the selling price of work completed for the year. The completion of the individual projects often covers several financial periods and there the percentage-of-completion method is applied for the recognition of income. Accordingly, the profit on work performed is recognised as income on a pro rata basis concurrently with finalisation.

Cost of sales

Cost of sales comprises costs (official fees, agent fees etc.) incurred to generate revenue for the year. This item also comprises out of pocket expenses paid by Danish and foreign employees and charges to public authorities.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc. Other external costs also include development costs that do not qualify for capitalisation.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities. Allocation to Group companies is deducted from staff costs.

Other operating income

Other operating income comprises goodwill and items secondary to the activities of the entity.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity.

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Property, plant and equipment

Property, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures, fittings and equipment	3-5 years
Computer, hardware and software	3 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired

Contract work in progress

Contract work in progress are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

When the selling price of a contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual contract work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries in proportion to cost.

Pension obligations and provisions

To the extent that pension obligations are not covered by insurance, they are recognised in the balance sheet as provisions. The calculation of the liability is based on actuarial computations or on the capitalised values.

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Financial ratios

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

EBITDA = Earnings before interests, tax, depreciations and amortisations

Gross margin = $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

Profit margin = $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$

Return on net assets = $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Solvency ratio = $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$

Return on equity = $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

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Notes to the annual report

1 Segment reporting

Geographical markets	Group	
	2022	2021
Revenue	DKK '000	DKK '000
Denmark	187.061	182.591
Sweden	332.527	287.688
Norway	114.549	106.829
India	29.172	22.999
Great Britain	4.073	3.389
Germany	12.500	29.117
Operating activities	<u>679.882</u>	<u>632.613</u>

In accordance with the Danish Financial Statements Act Section 96.1, Zacco has chosen not to report on segment based on different services Zacco deliver to its customers. It is Zacco's opinion that such reporting will give competitors extensive advantages in tender processes and other competitive situations. This will have negative impact on Zacco's possibilities to compete on the market.

2 Employees

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
Salaries	241.642	248.056	15.642	20.051
Pensions	17.914	18.193	217	342
Other social security costs	37.641	38.304	942	885
Allocation to other Group companies	-	-	-16.265	-21.108
	<u>297.197</u>	<u>304.553</u>	<u>536</u>	<u>171</u>
Remuneration for Executive Directors	<u>13.124</u>	<u>10.865</u>	<u>10.836</u>	<u>8.943</u>
Remuneration for Board of Directors	<u>520</u>	<u>520</u>	<u>475</u>	<u>475</u>
Average number of employees	<u>509</u>	<u>475</u>	<u>13</u>	<u>20</u>

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Notes to the annual report

2 Employees

Incentive schemes

Zacco has per December 31, 2022 a total of 3.045.000 call options to employees outstanding. The options give the option holder a right to purchase one (1) share for each option. The exercise price is DKK 1,63 and the exercise period is between Aug 2023 - Oct 2023. The purchase price for the options has been calculated using the Black-Scholes formula to ensure a market price and the strike price is also based on the prevailing market price plus an annual mark-up.

3 Other operating income

Other operating income in 2022 of 0,9 MDKK includes revenue regarding investment grant received in connection with moving to new office premises in Sweden. In 2021 other operating income includes revenue of 1,9 MDKK from customer rights (badwill) related to the acquisition of Tandberg Innovation AS regarding Trademark Renewals and Patent Annuities.

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
4 Amortisation, depreciation and write-down				
Goodwi	673	551	-	-
Customer rights	614	648	-	-
Other fixtures and fittings, tools and equipment	2.263	2.441	440	480
Profit/loss on disposal of fixtures	-27	-128	-	-
	<u>3.523</u>	<u>3.512</u>	<u>440</u>	<u>480</u>

5 Income from investments in group entities	Parent Company	
	2022	2021
	DKK '000	DKK '000
Result subsidiaries	33.919	17.156
Minority interests share of subsidiaries' profit for the year	-	-129
Amortisation of goodwill	-673	-552
Exchange adjust. on profit for the year	3.113	468
	<u>36.360</u>	<u>16.943</u>

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Notes to the annual report

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
6 Financial income				
Interests on cash & bank deposits	439	316	160	7
Interest income from group companies	-	-	980	1.248
Exchange adjustments	16.458	8.229	7.072	3.488
Other financial income	1.898	265	1.898	265
	<u>18.795</u>	<u>8.810</u>	<u>10.110</u>	<u>5.008</u>

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
7 Financial expenses				
Exchange adjustments	18.747	9.274	9.101	3.259
Instruments of debt and credit institutions	308	442	202	66
Interest expenses to group companies	-	-	473	637
Other financial expenses	1.358	1.359	422	455
	<u>20.413</u>	<u>11.075</u>	<u>10.198</u>	<u>4.417</u>

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
8 Tax on profit for the year				
Current tax for the year	-5.915	-2.826	2.378	-
Deferred tax for the year	-4.013	2.840	-1.122	-51
Adjustment of tax regarding previous years	13	-427	1.013	-
	<u>-9.915</u>	<u>-413</u>	<u>2.269</u>	<u>-51</u>

	Parent Company	
	2022	2021
	DKK '000	DKK '000
9 Proposed distribution of profit:		
Retained earnings	-2.972	-1.196
Reserve for net revaluation according to the equity method	36.360	16.942
	<u>33.388</u>	<u>15.747</u>

Consolidated financial statements

Notes to the annual report

10 Intangible assets

	Goodwi	Customer rights (badwill)	Group	
			2022	2021
	DKK '000	DKK '000	Tota	Tota
			DKK '000	DKK '000
Cost at 1 January	23.668	1.944	25.612	23.914
Exchange adjustment to rate at year-end	-1.348	-101	-1.449	-21
Additions for the year	14	-	14	2.437
Disposals for the year	-	-	-	-718
Cost at 31 December	<u>22.334</u>	<u>1.843</u>	<u>24.177</u>	<u>25.612</u>
Amortisation and write-down at 1 January	20.265	648	20.913	20.643
Exchange adjustment to rate at year-end	-1.192	-33	-1.225	-232
Amortisation and write-down for the year	673	614	1.287	1.199
Exchange adjust. of amortisation for the year	-43	-	-43	21
Reversed write-down and amortisation	-	-	-	-718
Amortisation and write-down at 31 December	<u>19.703</u>	<u>1.229</u>	<u>20.932</u>	<u>20.913</u>
Carrying amount at 31 December	<u>2.631</u>	<u>614</u>	<u>3.245</u>	<u>4.699</u>
Amortised over max. ye:	<u>3-10</u>	<u>3</u>	<u>3-10</u>	<u>3-10</u>

11 Property, plant and equipment

	Group	
	2022	2021
	DKK '000	DKK '000
Other fixtures and fittings, tools and equipment		
Cost at 1 January	23.640	22.295
Exchange adjustment to rate at year-end	-1.008	-4
Additions during the year	2.913	1.349
Disposals during the year	-791	0
Cost at 31 December	<u>24.754</u>	<u>23.640</u>
Depreciation and write-down at 1 January	19.326	16.955
Exchange adjustment to rate at year-end	-793	-45
Depreciation for the year	2.263	2.441
Exchange adjustment of depreciation for the year	-103	-25
Reversed write-down and depreciation	-791	0
Depreciation and write-down at 31 December	<u>19.902</u>	<u>19.326</u>
Carrying amount at 31 December	<u>4.852</u>	<u>4.314</u>
Depreciated over max. ye:	<u>3-5</u>	<u>3-5</u>

Consolidated financial statements

Notes to the annual report

	Parent Company	
	2022	2021
	DKK '000	DKK '000
11 Property, plant and equipment		
Other fixtures and fittings, tools and equipment		
Cost at 1 January	2.050	1.373
Additions during the year	0	677
Cost at 31 December	2.050	2.050
Depreciation and write-down at 1 January	976	496
Depreciation for the year	440	480
Depreciation and write-down at 31 December	1.416	976
Carrying amount at 31 December	634	1.074
Depreciated over max. years	3-5	3-5

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Notes to the annual report

12 Fixed asset investments

Investments in subsidiaries	Parent Company	
	2022	2021
	DKK '000	DKK '000
Cost at 1 January	100.311	99.493
Additions for the year	629	818
Cost at 31 December	100.940	100.311
Value adjustments at the beginning of the year	29.785	12.726
Exchange rate adjustment	-4.057	584
Profit for the year	33.246	17.156
Minority share of profit for the year	0	-129
Amortisation of goodwill	-673	-552
Value adjustments at 31 December	58.302	29.785
Negative investments in subsidiaries moved to provisions	1.712	2.012
Carrying amount at 31 December	160.954	132.109
Intangible assets included in subsidiaries:		
Goodwill	2.631	3.403
Customer rights (badwill)	614	1.296
	3.245	4.699

Consolidated financial statements

Notes to the annual report

12 Fixed asset investments

Investments in subsidiaries can be specified as follows:

<u>Name</u>	<u>Ownership %</u>	<u>Share capital</u>
Zacco Denmark A/S	100%	TDKK 1.100
Zacco Norway AS	100%	TNOK 2.000
Zacco Sweden AB	100%	TSEK 100
Zacco GmbH	100%	TEUR 26
Zacco Digital Trust Denmark A/S	100%	TDKK 500
Zacco Digital Trust Sweden AB	100%	TSEK 50
Zacco UK Ltd	100%	TGBP 5
Zacco IP Services A/S	100%	TDKK 400
Zacco India R&D Private Limited	100%	TINR 12.420
Zacco Cyber Security Private Limited	100%	TINR 775

Accounting information is stated with preliminary accounting figures as a result of the annual reports per. 31 December 2022 has not yet been approved at the time of publication of the parent company's annual report.

In Sweden, Zacco Innovation Technology Öresund AB, Zacco Innovation Technology Stockholm AB, Zacco DTI AB and Cegumark AB were effective on November 10 2022 as subsidiaries merged into its parent company Zacco Sweden AB. In Norway, Tandberg Innovation AS was effective on November 1 2022 merged into its parent company Zacco Norway AS and similarly, effective on December 8 2022 Zacco Digital Trust Norway AS was also merged into its parent company Zacco Norway AS.

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12 Fixed asset investments			Other securities and investments	
	Group		Deposit	
			DKK '000	DKK '000
Cost at 1 January 2022			3.417	2.944
Additions during the year			439	-1.121
Carrying amount at 31 December			<u>3.856</u>	<u>1.823</u>

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
13 Contract work in progress				
Work in progress	33.414	25.672	-	-
Prepayments received	-12.466	-11.379	-	-
	<u>20.948</u>	<u>14.293</u>	<u>-</u>	<u>-</u>

14 Deferred tax asset	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
Property, plant and equipment	-266	249	-9	50
Trade receivables	858	646	-	-
Accrued costs	335	553	-	44
Tax losses carryforward	3.285	6.941	2.398	3.418
	<u>4.212</u>	<u>8.389</u>	<u>2.390</u>	<u>3.512</u>

The Group has an unrecognised deferred tax asset relating to Zacco GmbH.

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	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
15 Cash and cash equivalents				

The total cash and cash equivalents are distributed as follows:

Cash and cash equivalents	72.530	63.817	5.020	3.724
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16 Equity

The share capital consists of 114.602.991 shares of nominally DKK 0,5. No shares have special rights. The company has issued 3.141.000 shares in 2022.

Specification of changes in share capital:

	2022	2021	2020	2019	2018
	1.000	1.000	1.000	1.000	1.000
No of shares at 1 January	111.462	111.272	91.272	89.477	86.697
Share issues	3.141	190	20.000	1.795	2.780
	114.603	111.462	111.272	91.272	89.477

The company has 86.885 treasury shares of nominally 0.5 DKK, which is 0.08% of the share capital. During 2022 the company has acquired 32.316 shares from former and current employees and 26.316 shares has been sold to employees.

17 Other provisions

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
Pension commitmen	2.185	2.354	-	-

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18 Non-current liabilities:

Instalments due within 1 year have been listed under current liabilities. Other liabilities have been recognised as non-current liabilities.

The liabilities fall due according to the below order:

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
Credit institutions				
Within 1 year	-	-	-	7.292
	-	-	-	7.292

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
19 Other payables				
Payroll- and social security tax	12.547	16.492	11	642
Holiday commitment	25.919	28.950	702	982
Salaries and pension	9.420	8.472	797	1.373
VAT	10.992	10.206	2.252	1.804
Other	6.110	9.947	1.213	556
	64.988	74.067	4.975	5.358

20 Contractual obligations, contingencies, etc.

Lease commitments from operating lease.

Total future rental and lease payments:

	Group	
	2022	2021
	DKK '000	DKK '000
Within 1 year	20.317	22.502
Between 1 and 5 years	39.321	45.546
After five years	32	873
	59.670	68.922

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The Group is regularly party to lawsuits, disputes and similar. Management does not believe these cases to significantly influence the Group's financial position.

A security in debtors and all other assets has been granted as security for the total bank commitment with SEB, Skandinaviska Enskilda Banken AB by Zacco Denmark A/S and Zacco Sweden AB. Zacco Denmark has granted securities by 58 mDKK and Zacco Sweden AB by 37,9 mSEK .

The companies in the Group have provided security to credit institutions by way of guarantee of 30 mDKK corresponding to the limit for operating credit facility.

Parent

The Parent company has issued a Letter of Support in favour of Zacco UK Ltd. The guarantee will be in force until the annual general meeting in 2024.

The Company is jointly taxed with Zacco Denmark A/S, Zacco Digital Trust Denmark A/S and Zacco IP Services A/S, and are severally liable for payment of tax on the Group's jointly taxed income. The total amount appears from the Annual Report of Zacco A/S, which acts as the management company in respect of the joint taxation.

	Group		Parent Company	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
21 Fee to auditors appointed by the General Meeting				
Audit fees	785	749	180	171
Other statements and reports	-	-	-	-
Income taxes	35	33	18	17
Other services	2.017	18	8	7
	<u>2.837</u>	<u>800</u>	<u>205</u>	<u>195</u>

22 Related parties and ownership

Controlling influence

No related parties have a controlling interest.

Other related parties

	2022	2021
	DKK '000	DKK '000
Sale of services to subsidiaries	86.380	96.228
Purchase of service from subsidiaries	-64.688	-67.450
	<u>21.692</u>	<u>28.778</u>

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Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

Transactions with group entities are eliminated in the consolidated financial statements in accordance with Zacco Group's Accounting Policies.

The company's balances with group entities at 31 December 2022 are recognised in the balance sheet. Interest income and expenses with respect to the group enterprises are disclosed in note 5 and 6. Further, balances with group enterprises comprise trade balances related to purchase and sale of services.

Sale of services to group enterprises consists of Group services, e.g. Group management, financial services, HR, marketing, IT etc.

No transactions have been carried out to the Board of Directors, the Executive Management and family members, senior employees, major shareholders or other related parties, apart from ordinary remuneration.

23 Cash flow statement - adjustments	Group	
	2022	2021
	DKK '000	DKK '000
Financial income	-18.795	-8.810
Financial expenses	20.413	11.075
Amortisation, depreciation and write-down for the year	3.523	3.512
Tax on profit for the year	9.915	413
Other adjustments	-8.638	150
	<u>6.418</u>	<u>6.340</u>

24 Cash flow statement - working capital changes	Group	
	2022	2021
	DKK '000	DKK '000
Change in receivables	-22.086	-28.972
Change in trade payables, other payables, etc	-8.564	-15.012
	<u>-30.650</u>	<u>-43.984</u>