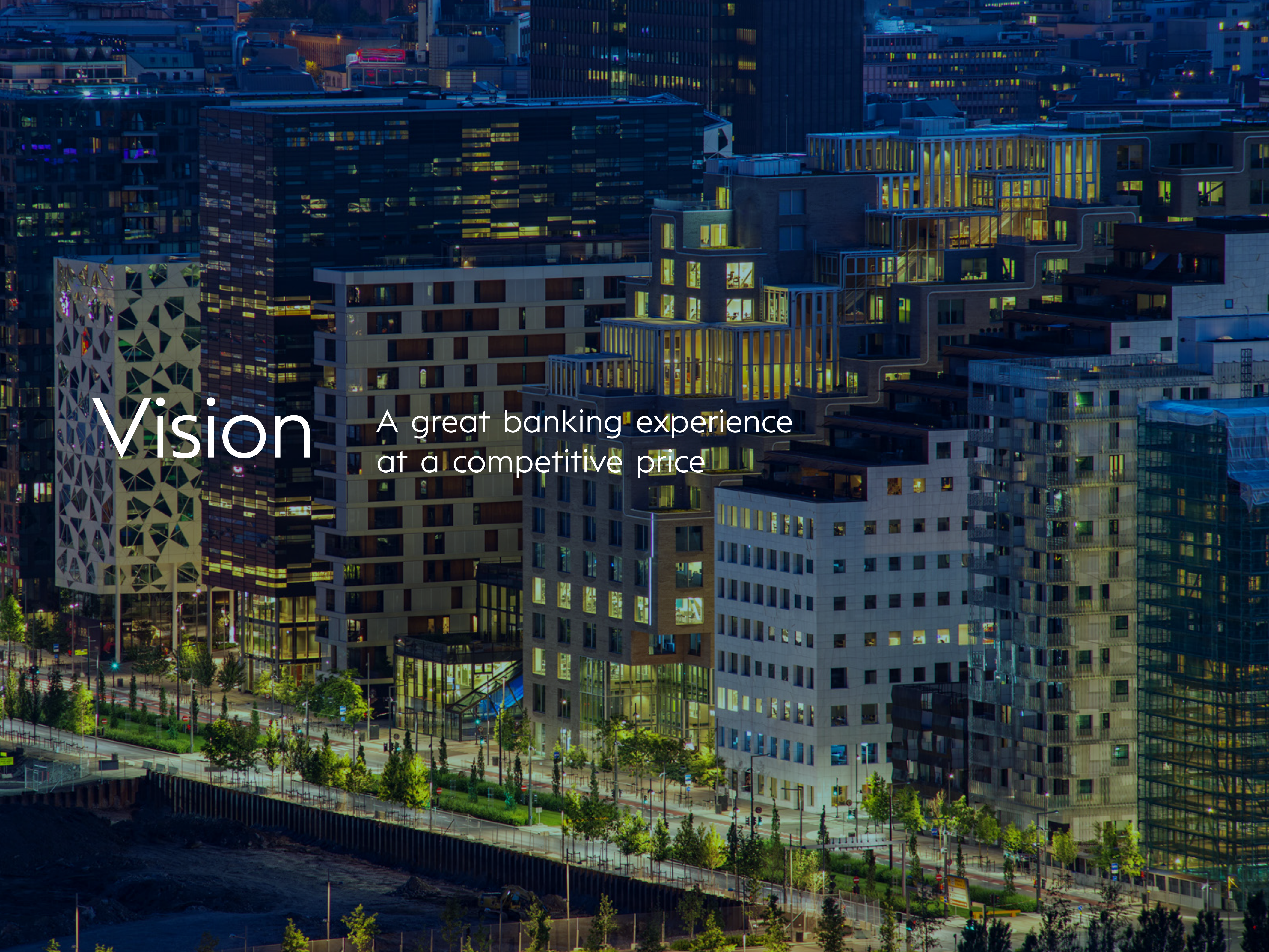
Annual report 2024

SDC A/S • CVR No. 16 98 81 38 • Borupvang 1A • DK-2750 Ballerup • Financial year 1 January - 31 December

SDC

A great banking experience



Vision

A great banking experience
at a competitive price

Mission

To offer small and medium-sized Nordic banks efficient, user-friendly and open systems via a balanced mix between self-development and collaboration with the best partners in the market

Financial ratios 2024

Revenue
1,706 ↓
DKK million
1,837 (2023)

Revenue growth
-7.1% ↓
YOY
7.9 (2023)

Equity
818 ↑
DKK million
747 (2023)

Equity value per share
472 ↑
431 (2023)

Equity ratio
49% ↑
43 (2023)

Average
number of employees
643 ↓
647 (2023)

Contents

Corporate information

SDC A/S
Borupvang 1A
DK-2750 Ballerup

Tel: +45 44 65 71 11
Web: www.sdc.dk

CVR No. 16 98 81 38
Established: 2 April 1993
Registered office: Ballerup
Financial year: 1 January - 31 December

Board of directors

Klaus Oberthanner Skjødt
Chairman
CEO
Sparekassen Kronjylland

John Christiansen
Deputy chairman
CEO
Lån & Spar Bank A/S

Lars Thomsen
Deputy chairman
CEO
Sparekassen Danmark

Mats Christer Persson
Deputy chairman of the board
Sparbanken Syd

Bjørn Asle Hynne
CEO
Aasen Sparebank

Turið Finnbogadóttir Arge
CEO
Føroya Banki

Lars Blaabjerg Christensen
CEO
Sydjysk Sparekasse

Rikke Klarskov Christensen
Elected by the employees
Business Process Architect

Per Løvgren
Elected by the employees
Senior IT Developer

Lars Ravn
Elected by the employees
Service Delivery Manager

Bettina Lau
Elected by the employees
Senior Facility Specialist

Executive board
Torben Finnemann

Auditors
KPMG
Statsautoriseret
Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen Ø
CVR No. 25 57 81 98

General meeting
The ordinary general meeting will be held on Monday, 5 May 2025.

Statement by the Board of Directors and the management

The board of directors and the Senior Management have today considered and approved the annual report of SDC A/S for the financial year 1 January - 31 December 2024.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2024 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2024.

In our opinion, the management report also contains a true and fair review of the development of the company's business and financial matters, the profit for the year and of the company's financial position.

The annual report is recommended to the General Meeting for approval.

Ballerup, 3 April 2025

Management:

Torben Finnemann
CEO

Board of directors:

Klaus Oberthanner Skjødt
Chairman

John Christiansen
Deputy chairman

Lars Thomsen
Deputy chairman

Lars Blaabjerg Christensen

Bjørn Asle Hynne

Mats Christer Persson

Turið F. Arge

Lars Ravn
(Employee representative)

Bettina Lau
(Employee representative)

Per Løvgren
(Employee representative)

Rikke Klarskov Christensen
(Employee representative)

Independent auditor's report

To the shareholders in SDC A/S

Opinion

We have audited the financial statements of SDC A/S for the financial year 1 January - 31 December 2024, which comprise the income statement, balance sheet, equity statement, cash flow statement and notes, including a summary of accounting practices. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2024 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in the "Auditor's responsibility for the audit of the financial statements" section of this auditor's report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' 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 of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Moreover, management is responsible 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 company's ability to continue as a going concern, disclosing, where 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 company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility 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 international standards on auditing 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 international standards on auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of the accounting practices 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 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 company to cease to be able to continue as a going concern.

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

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the companies or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Statement on the management report

Management is responsible for the management report. Our opinion on the financial statements does not cover the management report, and we do not express any form of assurance on the conclusion thereon.

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

Moreover, our responsibility is to consider whether the management report provides the information required by the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management report is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the management report.

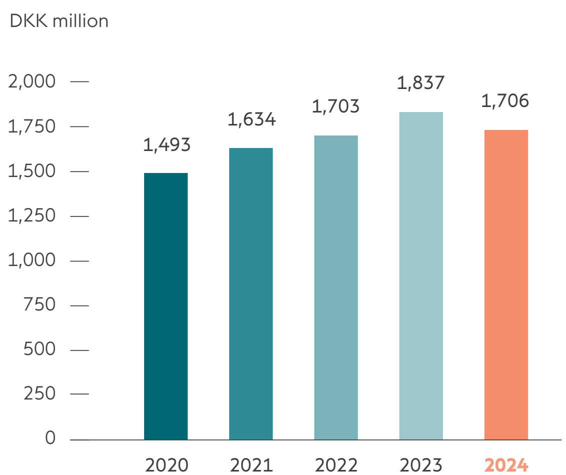
Copenhagen, 3 April 2025

KPMG
Statsautoriseret
Revisionspartnerselskab
CVR No. 25 57 81 98

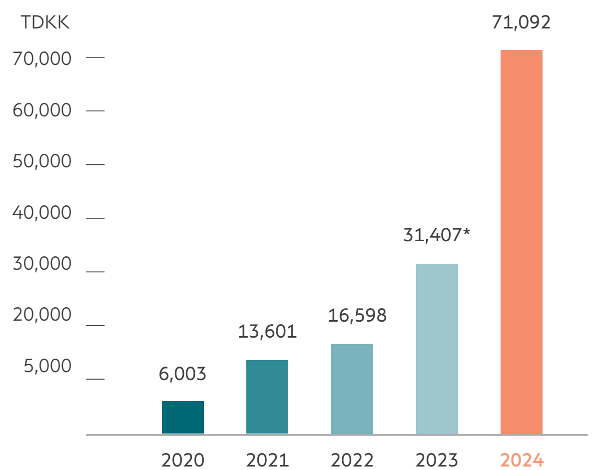
Michael Sten Larsen
State-authorised public
accountant
mne 10488

Financial highlights for the company

Revenue

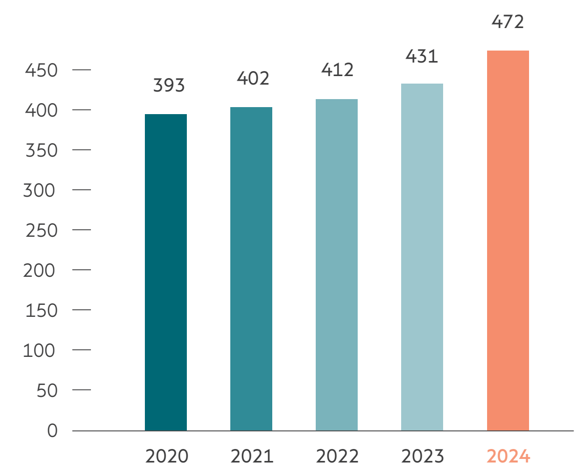


Profit for the year



*Profit for the year in 2023 is positively affected by non-recurring income relating to Eika conversion.

Equity value per share



Financial highlights for the company

TDKK	2024	2023	2022	2021	2020
Key ratios					
Revenue	**1,705,793**	**1,836,977**	**1,703,113**	**1,633,776**	**1,493,377**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	295,030	286,820	268,572	280,035	266,066
Earnings before interest, taxes and amortization (EBITA)	66,940	60,184	36,457	57,950	66,252
Profit/loss from financial income and expenses, net	6,562	1,365	-1,807	-485	-730
Profit for the year	**71,092**	**31,407**	**16,598**	**13,601**	**6,003**
Balance sheet total	1,659,935	1,746,354	1,825,909	1,710,808	1,555,446
Capitalised development costs	709,277	732,898	778,828	804,671	820,235
Equity	**818,366**	**747,186**	**709,171**	**671,909**	**682,072**
Cash flow from operating activities	141,573	164,141	354,752	419,042	289,706
of which related to investments in tangible fixed assets	-217	-2,037	-2,567	-8,199	-6,798
Total cash flow	**-196,979**	**-271,313**	**170,425**	**167,188**	**42,883**
Financial ratios					
Profit margin	3.92%	3.3%	1.7%	1.4%	0.5%
Rate of return	9.46%	9.2%	4.6%	1.4%	0.5%
Return on equity	9.08%	4.3%	2.4%	2.0%	0.9%
Equity ratio	49.30%	42.8%	38.8%	39.3%	43.9%
Average number of full-time employees	**643**	**647**	**583**	**553**	**561**
Net asset value per share	472	431	412	402	393

The financial ratios are calculated as follows:

Profit margin: $\frac{\text{Profit/loss on operating activities x 100}}{\text{Revenue}}$

Return on capital invested: $\frac{\text{Profit/loss on operating activities x 100}}{\text{Average capital invested}}$

Invested capital: Operating intangible and tangible fixed assets and net working capital

Return on equity: $\frac{\text{Profit/loss on ordinary activities after tax x 100}}{\text{Average equity}}$

Equity ratio: $\frac{\text{Equity, excluding minority interests at year-end x 100}}{\text{Total liabilities at year-end}}$

About SDC

50 ↓

banks
affiliated with SDC

72 (2023)

+8,000 ↑

workstations

+7,000 (2023)

91.9% ↓

of SDC's revenue comes
from capital owners

93.6 (2023)

5.9 ↓

million customer accounts
with the SDC banks

6.3 (2023)

1.9 ↓

million customers with
the SDC banks

2.1 (2023)

8.1% ↑

of SDC's revenue
come from
commercial customers

6.4 (2023)

Company structure

Main activities of the company

SDC's main activities comprise development, maintenance and joint purchasing of IT systems and related services for a large number of banks in the Nordics. IT operation services also form part of the company's core deliveries. These services are largely outsourced to JN Data A/S, Microsoft Danmark and NNIT A/S.

In 2024, SDC had activities in Denmark and Poland and customers in Denmark, Norway, Sweden and the Faroe Islands.

At the end of 2024, SDC A/S consists of SDC in Denmark, as well as the company's branch in Poland and a sales office in Norway. The company's branch in Portugal is in the course of liquidation, all designated staff were dismissed, and there has been no real activity in 2024. Thus, SDC's activities are divided into the following legal entities:

SDC A/S

Main activity: IT services
Geography: Denmark (Ballerup)
CVR No. 16 98 81 38

SDC POLAND BRANCH

Main activity: System maintenance and IT development
Geography: Poland (Warsaw)
Stat. no. 364249269

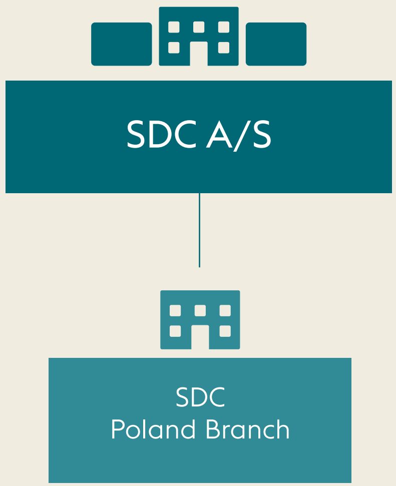
SDC Norway

Nygårdsgaten 114
5008 Bergen
Norway

SDC PORTUGAL BRANCH

Main activity: System maintenance and IT development
Geography: Portugal (Lisbon)
Registration number: 980782007
The branch and all its activities closed down at the end of 2024, and the designated staff were dismissed. The branch was formally closed down in January 2025.

In addition, the company has an employer registration in Sweden with organisation number 502062-5835 at Skatteverket.



Management report

Execute Effective Banking

2024 has been an eventful year for SDC, being in the middle of a major process to ensure that SDC remains an attractive and customer-oriented partner IT-wise for a large number of banks in the Nordics.

As planned, SDC has focused on taking advantage of the investments and initiatives in recent years, which have enabled us to provide functionality on a much larger scale and thus helped our customers become more efficient. At the same time we have a 2025 strategy as a benchmark, focusing on costs and strengthening SDC's unique position as the only provider in the Nordic market who offers a platform that supports security and compliance requirements across the Nordic banking sector.

However, development and strategy have – as always – gone hand in hand with the day-to-day operations with the clear mission of ensuring that SDC banks have efficient, user-friendly and open systems and, not least, providing a good banking experience at a competitive price.

Stable operations

Stable IT operations would be a determining factor for SDC as a company and as a partner, whereby the banks and their customers can rely on the availability and functioning of the systems at all times. We continuously report on the operational quality of our systems and once again in 2024 we have been able to provide high stability in relation to IT operations.

In order to strengthen the focus on the quality of IT operations, in 2024 SDC has raised the lower limit from 99.7% to 99.8% in our SLA (Service Level Agreement), which is the set target for system availability. The percentage indicates the time that a system or the underlying technology is available during the system's opening hours and a higher limit therefore indicates that SDC imposes even higher requirements on stability in the operation.

In 2024, tests of SDC's emergency procedures and preparedness were also carried out. One of them is a so-called Data Center Shift test, also called a failover test.

As a general rule, SDC's systems always run on two data centres so that one centre can easily take over if the other centre crashes. The test will ensure that our systems located on JN Data's servers remain resilient and reliable, even under the most challenging conditions. Again, this year, the test was carried out with great success for SDC.

The successful implementation is due not least to substantial internal preparation, but also to the expertise and facilitation provided by our suppliers at JN Data who have contributed to a smooth and seamless failover test once again this year.

Further initiatives to optimise operations is a major update of CoreBank to implement a new encryption technology conducted by SDC in May 2024. The background was that SDC as a data centre must be PCI DSS certified (Payment Card Industry Data Security Standard) in order to be compliant.

In 2024, SDC also implemented One Identity and 35 customers are now in production. The remaining customers are expected to be in production in the first half of 2025.

Last but not least, SDC made a major technological upgrade of the entire development platform for CoreBank to make it easier to implement continuous changes through minor updates. In this way, we ensure a smoother development process.

Focus on security, emergency procedures and preparedness

Like all other companies, SDC is particularly vigilant with regard to the ever-increasing challenge of cybercrime and appropriate action to address this threat was taken in 2024.

Cybercrime was the focal point when SDC conducted a joint emergency procedure and preparedness test on Thursday 24 October 2024, practising communication, coordination and collaboration between SDC and the banks in a simulated emergency situation. Many banks from Denmark, Norway, Sweden and the Faroe Islands participated in the test that provided valuable insight into the interaction between the banks and SDC in the event of an emergency.

The test was facilitated by PwC and they have subsequently issued a report evaluating the test. The report contains recommendations that are fully in line with both customer feedback and SDC's own observations, and they will be taken into account in our further work on continuously optimising SDC's emergency procedures and preparedness.

The new web and online banking platform is now fully implemented in all countries

In 2024, the new web and online banking platform was fully implemented in Denmark, Norway, Sweden and the Faroe Islands and in the autumn, the old web and online banking platform was therefore finally shut down. Work has been done to develop, draw up requirements and, not least, test the content of the new web and online banking platform over the years, and it is thus a major milestone for SDC that we will have it fully implemented in all four countries by 2024. In the future, we will focus on additional developments for new functions and delivery. This is supported by a new organisation in the Digital Banking area of SDC which was implemented in 2024. With the new organisation, the priority given – at the request of the banks – to the web and online banking area will be further strengthened.

Organisational adjustments

In addition to the new organisation of Digital Banking, a number of strategic initiatives were implemented in 2024 to create a more holistic and value creating organisation. The purpose was to ensure organisational synergies, simplification and a clearer distribution of responsibilities, while reducing costs and strengthening our ability to meet customers as one SDC. With a sharp focus on maximum customer value, we create solutions that are strategically anchored and designed to strengthen our competitiveness.

Business Excellence was established as a coordinator for strategy implementation and execution, and in continuation of this, the unit “One Development Area” was established to ensure innovation and development in a more coherent and targeted direction. This work will combine and coordinate development efforts across the organisation to create scalable and effective solutions. A stronger link between development and strategy will make it possible to optimise the value chain and enhance the work so that SDC can streamline our processes and also ensure a more holistic implementation.

With the aim of being a strong future IT partner, our focus is on strengthening SDC's quality of service, combining the strategic collaboration and being a trusted partner. That provides SDC's customers with a clear basis for their choices where both short-term results and long-term objectives are balanced. By combining the development areas into one global overview, we ensure that all projects contribute directly to SDC's overall goals and support a future-proof stream of development.

Growth and repositioning in Norway

One of the focus areas in SDC's 2025 strategy is growth in the Nordics, especially in the Norwegian market. At the end of 2023, the last part of the Eika banks left SDC after the Eika Group decided to end the collaboration in 2020. For SDC, the departure of Eika has been a controlled movement within the customer base. However, SDC still believes that repositioning in the Norwegian market has good growth potential. As an important tool in the strengthening of SDC's position, especially in Norway, we have set up a new office in Bergen as at 1 April 2024.

Another milestone in the growth ambition was reached when SDC entered into a new strategic partnership in Norway with Fana Sparebank on 3 June 2024 and concluded a core banking service contract. Immediately after, work started on planning and preparing the transfer and onboarding of the bank to SDC's platform.

Successful migrations

In the onboarding process of Fana Sparebank, SDC can draw on its extensive experience from a large number of onboardings of new customers and mergers after several years of consolidation of both Norwegian and Danish banks.

Also in 2024, SDC completed a couple of mergers: In early May, Frøs Sparekasse and Broager Sparekasse merged, creating Sydjysk Sparekasse. There was a long and thorough process before the merger and all the planned activities in connection with the merger were on track and conducted in close collaboration with SDC and Sydjysk Sparekasse, including a wide range of tests by Sydjysk Sparekasse to ensure that all systems performed as expected so that customers did not encounter any issues in connection with the merger.

Likewise, there were practically no issues when the merger between Totalbanken and Sparekassen Danmark was officially made public in November, as Totalbanken's customers and employees were migrated to Sparekassen Danmark's systems.

Regulatory requirements

In 2024, SDC has been working on the requirements contained in the DORA Regulation (Digital Operational Resilience Act) and NIS2 and implemented in the Danish Financial Business Act. SDC focuses on ensuring its own compliance with the relevant legal requirements and supporting SDC's customers in their compliance with the DORA Regulation.

The Digital Operational Resilience Act is an EU regulation that provides for more stringent requirements for financial entities with regard to IT and cybersecurity. The regulation, which came into force in January 2025, applies to all EU member states and thus also to SDC's customers across borders (although a little later in Norway, not being an EU member, but it complies with the regulation in accordance with the EEA Agreement). Requirements are laid down in the DORA Regulation on governance and IT risk management, registration and reporting of IT incidents, testing and requirements for the management of supplier risks with regard to banks.

SDC does not fall directly within the scope of the Regulation, as SDC is not a financial services company. Instead, SDC must comply with a number of similar requirements that are incorporated into the Danish Financial Business Act. The rules stipulate, among other things, that SDC must have a resilient framework for IT security, management of IT and cyber risks, and management and monitoring of its subcontractors in place.

Execute Effective Banking

Solution Coordinated Harvesting

Seamless Retail Banking journeys
Effective Corporate Banking processes
Data driven banking
Hyper automation

Execution Professionalism

Traverse solution/-process align.
Portfolio Gov. | Nearshore
Lean/-Agile | Service culture
Cost Control | Outsourcing
EA principles

Nordic Growth

New Logo's NO
Readiness DK, SE, FO
Nordic common solutions
Organisational scalability
Nordic partnering

Operational Priority

Ensure operational stability
Improve release quality
Further improve IT Security
Focus on regulatory changes
Proactive compliance

The first year of Strategy 2025

In 2024, SDC launched the process to implement Strategy 2025, covering 2024 and 2025. The overarching goal is still to ensure that SDC banks have attractive IT solutions in place which support and strengthen their business needs and competitiveness.

Strategy 2025 includes four basic elements, four "pillars", which should help ensure compliance with "Execute Effective Banking". In 2024, we reached a number of significant milestones in relation to Strategy 2025 across all four strategic pillars.

Solution Harvesting

As a result of SDC's strategies in advance of Strategy 2025, today the organisation has a fully modernised IT platform in all key areas. With the launch of One Development Area, a milestone has been reached in ensuring a customer- and advisor-centric approach, where all processes and platforms are thought into a holistic perspective that creates coherence and scalable solutions.

Execution Professionalism

With the new Business Excellence organisation there has been more focus on translating the strategy into concrete results through strengthened collaboration with customers. A new Delivery Model has been launched to create an overview of the portfolio and ensure more streamlined and customer-oriented deliveries. At the same time, a new customer-facing delivery overview supports resilient processes, increased transparency and a closer link between development and execution.

Nordic Growth

Nordic Growth will take advantage of SDC's competitive market position in the Nordic region in order to increase volume and further strengthen the synergies and economies of scale of SDC. In 2024, we succeeded with several initiatives in relation to this ambition as we partly had another Norwegian bank as a new customer and partly succeeded with our proactive press efforts in Norway.

Operational priority

Stable IT operations, regulatory compliance and technological accountability are one of the cornerstones of SDC as a business. This was also the case in 2024 where stable operations, tests of our emergency procedures and preparedness, a boost in communication in relation to Major Cases and, not least, the entire work with regard to the DORA Regulation were key milestones.

In 2024, a new nearshore strategy and a new press and communication strategy were also approved to strengthen SDC's operational capacity and visibility.

SDC's values

In 2024, SDC relaunched its values that are one of the corner-stones for realising the 2025 strategy. The values are not intended to act as internal guidance only, but also in relation to our partners and customers where we constantly seek to build relationships based on trust, respect and shared responsibility for a sustainable future.

The values build on a broad base of shared values and a constructive framework, and whether SDC initiates new projects, makes decisions or interacts with customers, the values are a benchmark in our daily work.

SDC's values

Working from value-based principles creates a common foundation and a constructive framework driving actions in daily situations. Whether SDC initiates new projects, makes decisions or interacts with customers, the values are a benchmark in our daily work and ensure that we make the right decisions.

21

banks
in Denmark

4

banks
in the Faroe Islands

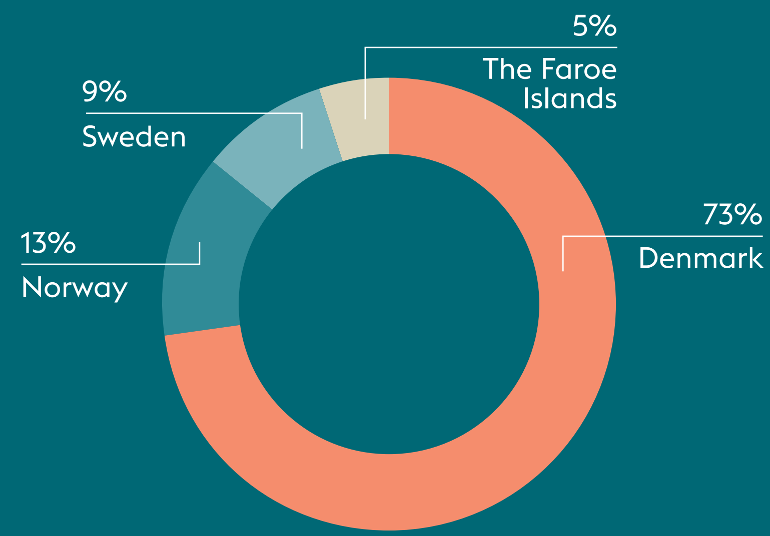
19

banks
in Norway

6

banks
in Sweden

Revenue allocation



Customers and market

In 2024, SDC has continued to work on increasing both customer satisfaction, its customer base and revenue in the Nordic market. The impetus remains strong – we are the only supplier in the Nordic banking market who offers scalable IT solutions across the Nordic countries.

In 2024, SDC welcomed a number of new customers. Sparekassen Danmark's acquisition of Totalbanken meant that we could welcome both customers and employees from Totalbanken on SDC's platform. As previously mentioned, the final migration of Totalbanken's IT systems from BEC to SDC was completed in the autumn of 2024, and the entire process as well as the final migration weekend went smoothly and without problems. It was the 14th migration in collaboration with Sparekassen Danmark, which helps to show our experience and insight into these types of activities. The IT merger of Frøs Sparekasse and Broager Sparekasse into Sydjysk Sparekasse also proceeded without problems.

An important area for SDC in 2024 has been the Norwegian market where we have worked on showing that we will continue to be an active and competitive player in the market for Corebank and IT solutions for banks and other financial services companies.

As is well known, SDC's focus on Nordic growth in Strategy 2025 was fruitful in 2024, as we could announce before the summer holidays that we have partnered with Norwegian Fana Sparebank with regard to the delivery of Corebank services. This has been an important milestone for us in our efforts to grow in the Norwegian market. The process with Fana Sparebank was good and intensive, and we now work closely to prepare the upcoming migration into SDC's pan-Nordic platform.

In addition, we continue our ongoing dialogues with several Norwegian banks and the newly established office in Norway will help SDC to be better able to provide services to existing and potential customers and at the same time strengthen our relationships in the Norwegian market. The location in Bergen means that SDC is close to many of our partners in Norway.

Our Nordic focus means that we are putting efforts into developing and operating joint solutions for use across the Nordic market. Again in 2024, almost 80% of SDC's systems development has been carried out with different countries in mind, something with which we are delighted.

Offering IT solutions across the Nordic countries requires insight and knowledge of the different wishes and requirements of all countries. SDC has continued to develop generic solutions that can adapt to the requirements for security and compliance in each respective country and individually adapted solutions that fit into the tailor-made universe of each bank. Overall, SDC's strategy is to build open systems that allow both SDC and the banks to integrate their own solutions and those of external suppliers and thus to benefit from innovation within IT solutions on the market.

Major important steps have been taken for the customers in 2024, including closure of the old web and online banking platform to use only the new future-proof solution. SDC's customers have expressed deep satisfaction that everyone is now on the same platform across the countries and that we can focus on the operation and development of the functionality of the new platform to the advantage of all customers.

Satisfaction with our work and deliveries among our customers is important to SDC, and one of our internal values is precisely being "Customer Oriented". For this reason, we attach great importance to the feedback we receive from our customers. In 2024, we were pleased to note an increasing level of satisfaction among the users of our systems. In particular, service, support and operation are satisfactory, just as our systems are rated very highly by our customers.

We are committed to continue this development and we appreciate all the feedback we receive. As part of Strategy 2025, we are going to continue to work to become even more customer oriented, focusing on a transparent delivery model where it is clear to customers what they can expect from us and when we can deliver.

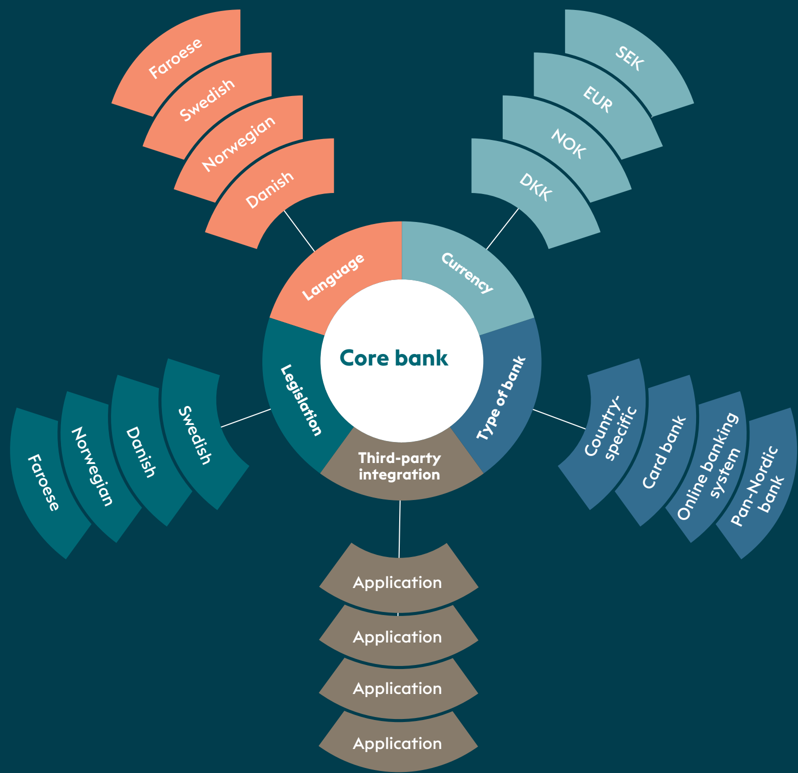
The many mergers in recent years, especially in the Danish and the Norwegian market, continued in 2024. In the Norwegian market, Sparebanken Vest and Sparebanken Sør announced that they will merge into Sparebanken Norge and become Norway's largest bank. In Denmark, it made the headlines when Nykredit announced their desire to take over Spar Nord and thus create the third largest bank in Denmark. Neither of the two Danish banks are on SDC's platform, so the transaction does not affect SDC directly. However, this has led to renewed speculation about the market for data centres. SDC expects that the consolidation of the banking sector will continue and that there will be more mergers in the coming years.

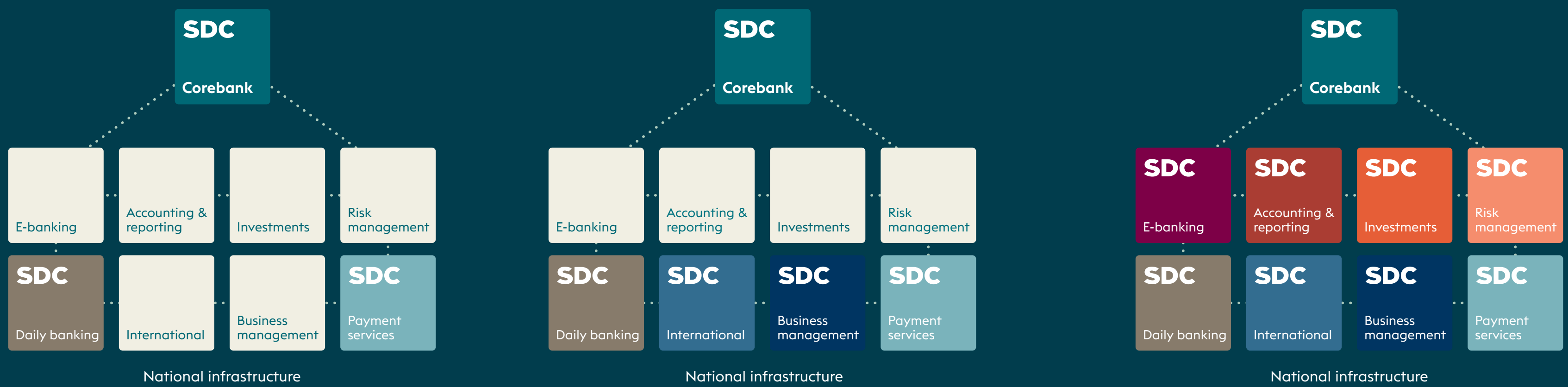
From 2024, the withdrawal provisions in the Danish data centres were harmonised and the changes were initiated following recommendations from the Danish Financial Supervisory Authority. SDC has been able to maintain all the banks within the partnership. Our expectation is that the amended withdrawal provisions can be used to create movements in an otherwise traditionally deadlocked market in due course.

Banking as a service

It is a key element of our system offering that SDC's solutions can be used to their full extent as a default – or adapted and integrated into the individual bank's own processes.

APIs make it easier for SDC's financial institutions and partners to incorporate services from SDC's platform into new services and customer offerings. In addition, access to integrate the services of fintech companies will be facilitated





High degree of own and third-party applications integrated with SDC

Some degree of own and third-party applications integrated with SDC

Full use of the SDC Platform without the use of own applications

SDC supports the UN Global Compact and the UN Sustainable Development Goals

SDC supports the United Nation's ten principles in the areas of environment and climate, human and labour rights and anti-corruption work as well as the United Nation's 17 Sustainable Development Goals. The membership is an important continuation of the current ESG foundation as defined in SDC's CSR policy covering the topics of environment and climate, human and labour rights and anti-corruption. SDC supports the UN's Sustainable Development Goals and works – in non-priority order – actively with the goals below.

THE GLOBAL GOALS
For Sustainable Development

5 GENDER EQUALITY

UN SDG 5: Gender equality

SDC seeks to promote diversity, inclusion and gender equality. In addition to making SDC a better workplace, it enhances productivity and innovation. It is important for SDC that there are equal opportunities for career development – and that this is experienced by employees. At the second management level (Senior Management and directors), 40% are women and for the department managers category 34% are women. In 2023, a female board member has joined SDC's board of directors. SDC's board of directors is now composed of 14% women and 86% men.
A new target is set for two female board directors to be elected by the general meeting before the end of 2028.

8 DECENT WORK AND ECONOMIC GROWTH

UN SDG 8: Decent work and economic growth

SDC wants to be an attractive workplace with good working conditions. SDC supports ILO's (International Labour Organisation) core conventions and provisions on workers' rights and focuses on continuous competence development, strong professional communities and strong commitment.
SDC's requirements to their suppliers in relation to internationally recognised human and labour rights are highlighted in SDC's Supplier Code of Conduct.

10 REDUCED INEQUALITIES

UN SDG 10.5: Regulation of financial institutions

As a Danish company and a data centre for Nordic banks, SDC has influence on UN SDG 10.5 which aims to improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

11 SUSTAINABLE CITIES AND COMMUNITIES

UN SDG 11: Sustainable cities and communities

UN SDG 11 focuses on making cities and human settlements inclusive, safe, resilient and sustainable. SDC's Nordic banks contribute to their respective communities and have provided loans for sustainable development in their communities, including special energy loans for energy renovation of homes, loans for electric and hybrid cars, loans to finance sustainable development, for example, investment in energy-efficient buildings, climate-friendly steel plants, renewable energy sources and sustainability certified agriculture and forests. SDC supports this ambition of the banks with its IT solutions and thus contributes to UN SDG 11.

Corporate Social Responsibility Report

Since 2022, SDC has been working along a Corporate Sustainability Reporting Directive (CSRD) readiness plan with the objective of taking the necessary steps to prepare as best as we can for the upcoming and more comprehensive reporting.

SDC has decided in the 2024 report, as a natural extension of now having the result of the double materiality assessment - which is a prerequisite for CSRD reporting - to report on some of the significant topics as early as this year.

This will apply to the topics: "General disclosures", "Climate change" and "Business conduct". For the topics "Own workforce", "Workers in the value chain" and "Consumers and end-users", SDC reports similarly to last year.

The report is not to be counted as a full CSRD reporting, but a corporate social responsibility report in accordance with Section 99a of the Danish Financial Statements Act. On 10 February 2025, after the reporting period, SDC announced that SDC will merge with a newly established subsidiary of Netcompany, Netcompany Banking Services A/S, 100% owned by Netcompany, adopted at the end of the second quarter of 2025. The continuing company will be Netcompany Banking Services A/S. Read more in the "Future expectations" section in the management report.

From that viewpoint, SDC will not be able to account for 2025 activities for selected data points, see the CSRD. This applies e.g. to the governance sections of the disclosure requirements "Gov-1", "Gov-2" and "Gov-4", as well as to the Impacts, risks and opportunities in "Disclosure requirements IRO-1" and "Climate change" in the "E1-1" section.

General disclosures

DISCLOSURE REQUIREMENT BP-1

General basis for preparation of sustainability statements

SDC's corporate social responsibility report has been prepared on a consolidated basis and the scope of the consolidation is the same as for the annual report. The reporting includes SDC A/S and SDC Poland.

This section includes only to a limited extent elements of the upstream value chain in the section on SDC's CO_2 emissions, including emissions from SDC's largest suppliers in the so-called Scope 3 CO_2 emissions. These reported CO_2 emissions have been obtained from the suppliers themselves. No sector average data or other proxies have been used.

SDC has not taken advantage of omitting certain information, see the European Sustainability Reporting Standards (ESRS) 1, section 7.7.

DISCLOSURE REQUIREMENT BP-2

Disclosures in connection with specific circumstances

SDC applies the same time horizons (short-, medium- and long-term) as defined in ESRS 1 of the CSRD Directive. The quantitative information specified is deemed by SDC to have a low degree of measurement uncertainty. The measurement uncertainty is primarily related to the calculated CO_2 emissions in terms of the emission factors (EC) used, which are otherwise naturally standardised and based on specific requirements that are not necessarily fully satisfied in the case of SDC.

In terms of this Corporate Social Responsibility Report, SDC has followed the requirements of the Danish Financial Statements Act. SDC has chosen to report on some of the material topics and data points from the CSRD Directive as early as this year. These are "General disclosures", "Climate Change", "Business conduct".

Governance

DISCLOSURE REQUIREMENT GOV-1

The role of administrative, management and supervisory bodies in SDC

The board of directors is the supreme management body of SDC and its function is to appoint the management and supervise the day-to-day business. Its functions and responsibilities are set out in accordance with the Danish Companies Act.

Senior Management is responsible for the day-to-day management. SDC has standardised role descriptions for various types and jobs. Moreover, there are specific job roles for special positions such as IT compliance, IT risk, DPO and internal audit. SDC's high focus on IT security aims at maintaining responsible, secure and stable operations for all end-customers.

ESG Center of Excellence was established in SDC in April 2023. The Head of ESG is responsible for ESG Center of Excellence and reports to the CFO, who is part of SDC's Senior Management.

ESG is part of SDC's Strategy 2025. With an ambition and defined tasks, roles and responsibilities are divided into a matrix organisation. The ESG ambition with the customers is entrusted to the director of Core Platform Applications in SDC. The commercial ESG projects follow SDC's project model building on the commercial contractual framework.

DISCLOSURE REQUIREMENT GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Corporate Social Responsibility Report, including key ESG performance ratios, is part of SDC's annual report. Corporate social responsibility is reported annually, see the Danish Financial Statements Act. This includes, among other things, disclosure requirements on the impacts of the companies on sustainability matters, business model, strategy and policies regarding sustainability matters, performance during the year, future expectations and information about the gender composition of the company, etc. SDC has reported on this area for many years.

In addition, SDC's board of directors receives reporting in accordance with regulatory requirements, e.g. regarding IT compliance, IT risk management and GDPR according to established business procedures. SDC's whistleblower scheme is embedded in a separate process governed by Danish law and ensures protection of whistleblowers. The Governance section in this report is supplemented by information related to the role of administrative, management and supervisory bodies.

Follow-up on "Own workforce" is owned by the Head of People & Culture reporting to the CEO.

Follow-up on "Climate change": Data is presented to SDC's CFO and is included in SDC's "Corporate Social Responsibility Report".

DISCLOSURE REQUIREMENT GOV-3

Integration of sustainability-related performance into incentive schemes

At this stage, SDC has not integrated the sustainability performance of the company into its incentive schemes in relation to management or other key employees. Moreover, SDC will not pay members of management or employees based on climate-related considerations.

ESG days in the Faroe Islands
Faroese banks in the SDC community, SDC and Lokale Pengeinstitutter (LOPI) met in Torshavn in June 2024 to focus on ESG and ESG data for the financial sector in the Faroe Islands.

DISCLOSURE REQUIREMENT GOV-4
Statement on due diligence
Sustainability due diligence involves identifying sustainability risks and identifying and addressing adverse impacts.

In connection with SDC's double materiality assessment, SDC has identified both parts together with an external consultant during 2023/2024. The results of the analysis are described in more detail in the "Disclosure requirement SBM-3" section. SDC conducts due diligence in chosen areas.

DISCLOSURE REQUIREMENT GOV-5
Risk management and internal control connected with sustainability reporting
SDC addresses the risks and internal controls connected with sustainability reporting in that all elements of the reporting are subject to a "four-eye" principle. All qualitative and quantitative elements of the reporting are therefore subject to scrutiny by at least two persons. The reporting is also subject to review and proofreading before the final version is available.

Strategy

DISCLOSURE REQUIREMENT SBM-1
Strategy, business model and value chain
SDC has conducted a double materiality assessment. The elements of the company's strategy that relate to or affect sustainability matters, SDC's business model and value chain include: IT development and software, IT security, Business conduct, Own workforce (Human rights including labour rights), Responsible supplier management (Human rights including labour rights) and SDC's impact on the environment.

ESG is part of SDC's commercial strategy 2025. It is part of a Principle of Delivery called "ESG by Design". SDC works with ESG within its own business and has an ESG ambition together with its customers. The ambition is that "ESG by Design" will eventually lead to sustainability matters being incorporated into SDC deliveries that are either affected by sustainability matters or that exert an impact on sustainability matters.

SDC is committed to the ten principles of UN Global Compact as well as UN's 17 Sustainable Development Goals.

Another key topic in SDC's strategy is "Own workforce" which interacts with our culture and values and relates to or affects sustainability matters.

Furthermore, in connection with SDC's IT projects, "Consumers and End-Users" (Privacy) is a current topic that affects sustainability matters.

Currently, we do not identify additional key elements of our overall strategy that relate to or affect sustainability matters. At this stage, SDC has not set sustainability-related targets for groups of products, services and important markets and customer groups.

SDC does not have income from material ESRS sectors and does not report segments based on the financial data.

SDC considers global warming as one of the world's biggest challenges and is therefore actively working to reduce SDC's direct and indirect greenhouse gas emissions. SDC has IT risk management processes and internal control processes in place, but currently there are no specific risk management processes and internal control processes for sustainability.

SDC's value chain

SDC's main activities include the operation of the SDC banks' IT platform and the further development, maintenance and joint procurement of IT systems and related services for a large number of banks in the Nordics. IT operations services are also part of the company's core deliverables. These services are largely outsourced to JN Data, Microsoft Danmark and NNIT.

Technology plays a major role as SDC sells software solutions to customers. IT and technology is crucial to SDC's operations. Since IT operations, software development/maintenance and customer relationships are handled by employees, people are a very important resource. Most of SDC's employees have a university degree. JN Data, NNIT, Microsoft, and Festina Finance and others play an important role in SDC's success and day-to-day operations.

It is SDC's ambition to be the preferred IT supplier for the banks in the Nordics. SDC's primary market focus is on the conventional Nordic banks and online niche banks. Today, SDC is one of the few providers of core banking services which handles more than two million end customers in the Nordics. The derived economies of scale is of great importance for SDC's customers and for SDC's competitiveness in the market.

SDC's key customers are Scandinavian banks (see more on p. 22).

DISCLOSURE REQUIREMENT - SBM-2

Interests and views of stakeholders

SDC's most important stakeholders are SDC's owners, other customers (who are not part of the group of owners), employees, suppliers and relevant public authorities. Outlined below is a description of how stakeholders' interests and views are taken into account in the company's strategy and business model.

SDC has daily dialogue with customers/owners, as SDC's deliveries require a close dialogue with the recipients of the deliveries. SDC also has several formal forums of collaboration where customers/owners are represented and can influence SDC's strategic and operational priorities. In addition, SDC's board of directors is composed and appointed by SDC's customers (the owners). The board of directors is a crucial stakeholder in matters relating to SDC's strategy and business model.

The dialogue with the employees takes place informally in the day-to-day operations and more formally in the works council where representatives from management, People & Culture and the employees meet regularly and discuss topics of interest to the employees. These could be matters in relation to SDC's strategy and business model.

JN Data is an important supplier. SDC also holds shares in JN Data. There is a close dialogue with JN Data in the day-to-day operations, and SDC is represented on JN Data's board of directors. With regard to the other suppliers, SDC primarily exchanges information and views with them as may be necessary to make flexible use of the services purchased.

Given SDC's important social role as a provider of IT infrastructure to its customers, the relevant authorities are material stakeholders for SDC. SDC makes every effort to maintain a good and constructive dialogue with all authorities. The content of this contact and dialogue is primarily concentrated on authority-specific topics and rarely on SDC's strategy and business model.

In summary, SDC is aware of especially the views of employees and customers/owners on SDC's strategy and business model.

The results of SDC's double materiality assessment

The result of SDC's double materiality assessment includes the following material topics: "Climate change", "Own workforce", "Workers in the value chain", "Consumers and end-users" and "Business conduct".

Determining standards	ESRS (E, S and G) Sustainability matters covered in topical ESRS		
	Environmental	**Social**	**Governance**
ESRS 1 General requirements	**ESRS E1** Climate change	**ESRS S1** Own workforce	**ESRS G1** Business conduct
ESRS 2 General disclosures	**ESRS E2** Pollution	**ESRS S2** Workers in the value chain	
	ESRS E3 Water and marine resources	**ESRS S3** Affected communities	
	ESRS E4 Biodiversity and ecosystems	**ESRS S4** Consumers and end-users	
	ESRS E5 Resource use and circular economy		

DISCLOSURE REQUIREMENT - SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

SDC's double materiality assessment
SDC has, together with an external advisor, conducted an assessment of impacts, risks and opportunities that are material for SDC. The result is shown in the table on the right on this page.

The material impacts, risks and opportunities mentioned affect SDC's business model and value chain in different ways.

Climate change is relevant to all parts of SDC's value chain. Adverse impacts of temperature increases above the levels specified in the Paris Agreement will thus affect SDC's suppliers, SDC's own activities and SDC's customers and their end-users. At the same time, the energy consumption and greenhouse gas emissions of SDC and SDC's suppliers have an impact on the climate.

The working conditions and equal treatment of SDC's own workforce are primarily relevant to SDC's own activities. Workforce job satisfaction and motivation are critical to their productivity and SDC's ability to retain and recruit employees. In addition, SDC's employees must be able to have the confidence that SDC ensures the confidentiality of the personal data to which SDC has access.

The working conditions and equal treatment of the workers in SDC's value chain are particularly relevant for SDC's suppliers and customers. SDC believes that our social responsibility includes how the workers in our value chain are treated. SDC thus supports internatio-nal human rights and the ILO Convention and wants to support diversity among SDC's suppliers and customers.

Table 1. Material impacts, risks and opportunities

ESRS Topic	Sub-topic	Sub-sub topic
ESRS E1	Climate change	• Climate change mitigation Energy • Energy
ESRS S1	Working conditions	• Secure employment • Working hours
ESRS S1	Equal treatment and equal opportunities for all	• Gender equality and equal pay for work of equal value • Actions against violence and harassment in the workplace • Diversity
ESRS S1	Other labour rights	• Privacy
ESRS S2	Working conditions	• Social dialogue • Freedom of association • Collective bargaining
ESRS S2	Equal treatment and equal opportunities for all	• Diversity
ESRS S4	Information-related impacts on consumers and/or end-users	• Privacy
ESRS G1	Protection of whistleblowers	
ESRS G1	Management of relationships with suppliers including payment practices	
ESRS G1	Corruption and bribery	

The right to privacy is particularly important for SDC's customers' end-users. End-users must therefore be able to trust that the personal data SDC helps to process and manage is not compromised or unlawfully consulted by other parties.

Protection of whistleblowers is crucial for SDC. It is important that SDC becomes aware of matters or situations that are in breach of moral or legal requirements for a company such as SDC. Protection of whistleblowers helps to ensure that disclosures about such matters are not suppressed as a result of fear of reprisals or the like.

The maintenance of relationships with suppliers is important for SDC and SDC's suppliers. SDC's business model means that good and constructive relationships with suppliers are crucial for SDC's ability to meet the objective of being an efficient supplier of IT infrastructure to our customers.

Preventing corruption and bribery is important to SDC, but it is also extremely important with a view to the collaboration with our suppliers. SDC has zero tolerance for corruption and bribery. SDC's decisions and actions are not affected by corruption or bribery. SDC will not accept business partners, customers or suppliers whose actions are affected by corruption or bribery.

The results of the double materiality assessment are in line with the material topics that SDC has previously reported in connection with SDC's Corporate Social Responsibility reporting.

SDC launched its 2025 strategy "Execute Effective Banking" in January 2024. The results of SDC's double materiality assessment were not available until then. SDC has set an ambition "Towards CO_2 Neutrality" by 2029 with 2022 as the baseline year for Scope 1 and 2.

SDC's ambition is to be an attractive workplace with sound corporate governance and ethics.

In 2023, SDC committed to UN Global Compact's ten principles in the areas of environment and climate, human and labour rights and anti-corruption as well as the UN's 17 Sustainable Development Goals.

At present, SDC has not made any changes to SDC's strategy or business model as a result of the identified impacts, risks or opportunities. With regard to the current financial impact of the material risks and opportunities for SDC on SDC's financial position, profit or loss and cash flows as well as the accounting value of assets and liabilities, SDC does not see any material risks for adjustments in the next financial period. Nor does SDC assess that it will experience material financial effects from the identified risks or opportunities in the medium or long term.

Impact, risk and opportunity management

DISCLOSURE REQUIREMENT IRO-1

Description of the process for identifying and assessing material impacts, risks and opportunities

SDC has, together with an external consultant, implemented a process to identify and assess material impacts, risks and opportunities. SDC set up a project steering group chaired by SDC's CFO and which includes the Head of ESG and a financial expert.

The identification phase

In the next step, SDC identified relevant internal stakeholders with specialist knowledge who participated in a series of workshops building on the definition and classification of impacts, risks and opportunities and the concept of double materiality.

Initial results from internal workshops were compared with International Industry Standards for Reporting on ESG (SASB) to support a comprehensive identification of potential impacts, risks and opportunities relevant to SDC.

SDC also identified three peer companies that were deemed relevant and comparable. A peer review was conducted for each of these three peer companies.

In order to validate the identified gross list of impacts, risks and opportunities, the project steering group attended a validation meeting and established a final list of the impacts, risks and opportunities to be included in the so-called assessment phase. The identification phase resulted in identification of 55 potentially material impacts, risks and opportunities in SDC's value chain.

The assessment phase

In the assessment phase, the 55 potentially material impacts, risks and opportunities were evaluated by the ESG specialist of the project steering group and the financial expert.

The evaluation was carried out by a quantitative rating of the individual impact, risk or opportunity based on six different criteria. The six different criteria are shown on the next page (p. 40) in Table 2. The six criteria are rated on a scale from 1 to 5.

Table 2. Criteria used in the assessment phase

Criteria	Definition
Scale	How harmful is an adverse impact? Or how beneficial is a positive impact on people or the environment?
Scope	How widespread is the adverse or positive impact? Can be understood as the scope of the environmental impact or geographical area covered. How many people are affected in a negative or positive direction?
Irreversibility	To what extent can adverse impacts be restored and the affected environment or persons restored to how it was before the damage had the damage not occurred?
Severity	The severity of a given impact is assessed by the average of Scale, Scope and Irreversibility
Size	In terms of financial materiality, it is the scope of the financial impact on e.g. SDC's profit or loss, cash flow or access to financing
Likelihood	The likelihood of potential impacts or risks is assessed and helps determine whether these are material or not

Based on the average ratings across the six criteria, the individual impacts, risks and opportunities are assessed as either material or non-material.

After the assessment had been carried out, the results were sent for review by the specialists who participated in the workshops of the identification phase. The final assessment resulted in the impacts, risks and opportunities shown above.

The described process for addressing material impacts, risks and opportunities was completed in 2023 and 2024.

DISCLOSURE REQUIREMENT - IRO-2

Disclosure requirements in the European Sustainability Reporting Standards (ESRS) covered by the undertaking's sustainability statement

MINIMUM DISCLOSURE REQUIREMENT
- POLICIES MDR-P

Policies adopted to manage material sustainability matters

SDC has a number of policies in place that affect the different impacts, risks and opportunities that are relevant in a sustainability context. The individual policies are reviewed in this report under the topics they relate to. An overview of SDC's policies adopted to manage material sustainability matters can be found on this page.

Table 3. Policies adopted to manage material sustainability matters

Policies	Sustainability matters	Responsible for the policy
Supplier Code of Conduct	Climate change, own workforce and business conduct	CFO
CSR/ESG policy	Climate change, own workforce, workers in the value chain, business conduct and consumers and end-users	CFO
Wellbeing at work policy	Own workforce	Head of People & Culture
IT Security policy	Business conduct and consumers and end-users	IT Security Manager
Data Ethics policy	Business conduct	CFO
Personal Data protection & Compliance policy	Consumers and end-users	DPO
Whistleblower scheme	Business conduct	CFO

The following sections describe the measures implemented at the SDC level under the individual topics. SDC's objectives within different sustainability areas are also described in the following sections.

SDC's ambition

Carbon neutral

for Scope 1 and 2 by the end of 2029 with 2022 as baseline

(unchanged compared to 2023)

In 2024, SDC settled

DKK 425 million↑

in taxes, duties and charges

379 (2023)

Scope 1 – transport with SDC-owned vehicle

0.1↓

Tonnes CO_2

0.3 (2023)

Scope 2 – location

165.5*↓

Tonnes CO_2

281.5 (2023)

Scope 2 – market

24.5↓

Tonnes CO_2

75 (2023)

Scope 3 – indirect operational deliveries and other transport

594.2*↓

Tonnes CO_2

868.4 (2023)

*Read more about the development on page 47 and onwards.

Climate Change & Environmental Data

Strategy

DISCLOSURE REQUIREMENT - E1-1

Transition plan for climate change mitigation

SDC works on reducing SDC's direct and indirect emissions of greenhouse gases. SDC has since 2021 followed the Greenhouse Gas Protocol's recommendations for reporting on its emissions. In light of the impending merger between SDC and Netcompany Banking Services A/S, SDC estimates that it is not possible to account for future 2025 activities, see the requirements in the CSRD Directive in terms of:

- Preparing a transition plan for climate change mitigation
- Analysing whether SDC is exposed to climate-related physical or climate-related transition risks
- Analysing the expected financial impacts of climate-related risks and opportunities
- Developing policies and actions for climate change mitigation and adaptation

The majority of SDC's GHG emissions occur indirectly through energy consumption from SDC's subcontractors. This is a consequence of the fact that the power-consuming IT operations have been outsourced.

As for SDC's own direct GHG emissions, SDC continuously seeks to reduce these through a range of initiatives – e.g. by replacing all light sources with LEDs, selling electronic waste for recycling, donating used furniture to charities, and donating coffee grounds for conversion into biological products.

In 2024, SDC has purchased GO certificates (Guarantee of Origin) corresponding to 600 MWh of green electricity from solar or wind. SDC has also supported CO_2 emission reduction projects abroad amounting to a total of 245 tonnes of CO_2.

DISCLOSURE REQUIREMENT - E1-4

Targets related to climate change mitigation and adaptation

The goal is that SDC should be carbon neutral by 2029 for Scope 1 and Scope 2 with 2022 as baseline. On the next page, there is a list of additions and initiatives to create further improvement and ensure that the ambition is achieved

In 2024, SDC has focused on identifying our CO_2 2022 baseline for Scope 1, Scope 2 and Scope 3. A project has been set up with a steering, project and working group in collaboration with an external company. The results of the work and SDC's double materiality assessment form an important foundation for SDC's actions for climate change mitigation and actions that are moving in the direction of fulfilling our CO_2 ambition.

SDC's employees flew approx. 300,000 km less in 2024 than in 2023, corresponding to approx. 225 return flights between Copenhagen and Warsaw.

The priorities going forward include:

1) **Reduction of own emissions:** SDC sees opportunities in reducing its own emissions through the following initiatives in 2025:
   - continue to reduce own emissions (electricity and district heating) through several initiatives, including completion of replacement of LED light sources at the SDC location in Denmark
   - a new location with a reduced carbon footprint in Poland

2) **Reduction of indirect CO_2 emissions (Scope 3 emissions):** SDC sees opportunities in reducing its indirect CO_2 emissions through the following initiatives:
   - **Indirect energy consumption among SDC's subcontractors:** Due to the fact that the largest CO_2 emissions are within SDC's Scope 3, it is a priority to analyse these. SDC continues to make demands, initiates dialogue and collaborates with our largest suppliers (JN Data, Microsoft and NNIT), and we are also looking into underlying projects with a view towards reduction and optimisation
   - **Employee air travel in connection with business travel:** Reduce air travel by 2025 compared to the 2022 baseline, thus continuing actions to target the reduction of employee air travel by adding an increased internal cost per flight
   - **Employee transport:** In 2025, SDC will explore proposals for possible climate-friendly employee, transport/commuting initiatives

DISCLOSURE REQUIREMENT E1-5

Energy consumption and mix

Total energy consumption: Electricity and district heating – MWh

Tonnes CO_2	2024	2023
Total electricity consumption	**484**	492
Total district heating	**1,182**	1,573
Total energy consumption from SDC's car fleet	**1.0**	1.5
Total energy consumption from own operations	**1,667**	2,067
Consumption of purchased or acquired electricity from renewable energy sources	**600**	618
Share of renewable energy sources in total energy consumption as a percentage	**36%**	30%

DISCLOSURE REQUIREMENT - E1-6

Scope 1, 2 and 3 gross greenhouse gas emissions and total greenhouse gas emissions

As a provider of IT platforms for banking services, SDC has a relatively limited direct climate footprint. The majority of IT operations are outsourced to subcontractors. The majority of SDC's CO_2 emissions are from the procurement of services from subcontractors. SDC's 2024 reporting follows the principles of the previous financial year (2023).

Scope 1 CO_2 emissions include emissions from SDC's company cars, while Scope 2 includes electricity and heating consumption at SDC's own locations in Denmark and Poland. Scope 3 emissions include indirect emissions from the three largest subcontractors to SDC (JN Data A/S, Microsoft and NNIT), emissions from employees' work-related flights and employees' corporate driving in their own cars. For a more detailed description of the methods used for the calculation of CO_2 emissions, see "Applied accounting practices" on page 66.

SDC's Scope 2 location-based emissions have decreased compared to 2023, covering a decrease in CO_2 emissions from SDC's Polish location of approx. 54 tonnes, while emissions from the Danish location have fallen by a good 61 tonnes. In 2024 the market-based Scope 2 emissions have fallen by more than 51 tonnes of CO_2 compared to 2023.

The direct part of SDC's Scope 3 emissions has decreased from 2023 to 2024 by a good 50 tonnes of CO_2. SDC's employees have flown about 300,000 kilometres less in 2024 than they did in 2023. This corresponds to approx. 225 return flights between Copenhagen and Warsaw. Flights have given rise to a reduction in emissions of approx. 60 tonnes of CO_2 while total CO_2 emissions from employees' driving in their own cars have increased by a good 9.7 tonnes from 2023 to 2024.

To counteract the CO_2 emissions from SDC's flights, SDC has sponsored carbon reduction projects equivalent to a reduction of 245 tonnes of CO_2 in 2024 as mentioned above. Total CO_2 emissions from travelling by car have increased by a good 9.7 tonnes from 2023 to 2024. SDC's employees travelled about 27,000 kilometres more in their own cars in 2024 on behalf of SDC.

The indirect part of Scope 3 CO_2 emissions has decreased from 2023 to 2024 by approx. 224 tonnes, primarily due to a decrease in JN Data's CO_2 emissions which in isolation has reduced SDC's indirect Scope 3 CO_2 emissions by a good 209 tonnes. SDC's share of NNIT's CO_2 emissions has fallen by a good 15 tonnes from 2023 to 2024.

DISCLOSURE REQUIREMENT - E1-7

Projects related to greenhouse gas removals and mitigation financed via the help of carbon credits

For the year 2024, SDC has supported projects related to greenhouse gas mitigation corresponding to 245 tonnes of CO_2 in total. The projects being promoted include generation of electricity from mustard seed residues in India and the construction of biogas units for households in Kenya.

DISCLOSURE REQUIREMENT - E1-8

Internal carbon pricing

SDC does not apply an actual internal carbon pricing. However, in 2024, SDC has introduced an internal price for employees' flights, which burden the financial results of each SDC department. The price is fixed at DKK 200 per flight, and the rationale is to provide an incentive for flight reductions. See page 30 for the calculation of SDC's flights in 2024.

DISCLOSURE REQUIREMENT - E1-9

Expected financial impacts of material physical and transition risks and potential climate-related opportunities

In light of the impending merger between SDC and Netcompany Banking Services A/S, SDC is taking a wait-and-see approach to future 2025 activities, see the requirements in the CSRD Directive for expected financial impacts of the most material climate-related physical risks, transition risks and climate-related potential opportunities.

CO_2 emissions 2022-2024

Tonnes CO_2	2024	2023	2022
Scope 1	**0.1**	**0.3**	**0.8**
Scope 2, market	**24.5**	**75.0**	**100.4**
Scope 2, location	**165.5**	**281.5**	**280.7**
Scope 3, total	**594.2**	**868.4**	**850.4**
– of which Scope 3, direct	279.0	329.2	303.1
– of which Scope 3, indirectly through suppliers	315.2	539.3	547.3

Solar cell system and associated charging points at JN Data, Silkeborg's parking lot.
Image courtesy of @JN Data.

643↓

employees in SDC (avg. 2024)

647 (2023)

46 years

Average age
of employees

(unchanged compared to 2023)

M/W↑

SDC employees
M: 61% / W: 39%

M: 62% / W: 38% (2023)

3.8%↑

Sickness absence
among employees

3.6% (2023)

4.2%↓

Employee revenue
(net)

4.4% (2023)

Social (Social data)

Focusing on our internal values of *"Winning Together"*, *"Professional" and "Customer Oriented"*, SDC's employees work towards fulfilling the goals in SDC's strategy – for the benefit of our customers, partners and other stakeholders.

In 2024, SDC has appointed a new Head of People & Culture with the ambition to strengthen the area and support the implementation of SDC's Strategy 2025 and to further integrate "People" and "Values" in and across the organisation. Own workforce is essential for SDC. This is also what our double materiality assessment shows and SDC aims to account for further data points in this respect in 2025.

An attractive workplace

SDC wants to be a workplace where employees are treated with respect and work in a safe working environment. SDC supports the ILO's fundamental conventions on respect for labour rights and gender equality and provisions regarding decent working conditions, respect for collective agreements and minimum wage. ILO's fundamental conventions are rooted in the company's guidelines and policies. As part of being an attractive workplace, SDC works with employee satisfaction surveys and follow-ups on employee satisfaction surveys plus diversity, inclusion and equality. SDC A/S has a collective agreement with Finansforbundet (the Financial Services Union Denmark) and works with this union on common rules and local agreements.

SDC emphasises being an inclusive workplace where – depending on tasks and functions – there is room for both working at home and working in the office. It is a way of working that also allows for work-life-balance for the individual.

Onboarding

In 2024, SDC continued the development and implementation of a structured pre-boarding process. The aim is to ensure that new employees feel included and welcome even before they show up on their first day at work. This process includes words of welcome and information about the first few days at work and initial weeks of onboarding. SDC has received positive feedback on our onboarding process, which also confirms that the goals and the intentions with the initiative have been met.

In 2025, further development of the onboarding process will be prioritised – with identification of starting points, future goals and implementation of the updated process. The ambition is that new employees feel welcome and included from day one to ensure inclusion and employee wellbeing and to make it easier to move from one job to another and thus contribute positively to SDC's development.

Employees
On the next pages, there is an overview of the number of employees in SDC, in 2024, 643 (FTE) employees, in addition to 306 Polish colleagues on BtB contracts affiliated with the location in Warsaw. In 2023, the number of employees was 647.

Employee revenue for permanent staff who have resigned for a new job was 4.2% in 2024, which is slightly lower than the 4.4% the previous year.

Gross employee revenue was 11.6% in 2024, which is an increase from 9.7% the previous year. SDC's Strategy 2025 has led to organisational changes and a downsizing of the workforce.

Nearshore strategy and execution
To ensure the implementation of the new nearshore strategy, targeted efforts are being made to optimise collaboration models and core processes and ensure clear roles and responsibilities in the delivery organisation. A close collaboration between Nearshore, People & Culture and Procurement, driven by our value *Winning Together*, strengthen relationships across the organisation and with our customers.

Development, wellbeing and sustainable governance
Employee wellbeing is a key factor in both their personal development and the company's long-term success. SDC's employees have access to learning opportunities, including internal and external courses, mentoring schemes and workshops, all of which have been used in 2024.

SDC actively supports employee post-training and education and considers it an investment in both their personal and professional development. At the same time, SDC is fully focused on developing employee competences that can be used to support the execution of SDC's Strategy 2025. In 2024, all new employees have attended an Insights Discovery workshop aimed at enhancement of teamwork, collaboration and personal development. The tool has also been used in several teams and the workshop has had a special focus on the enhancement of collaboration within the team.

In 2024, SDC has focused on various employee wellbeing initiatives, with a particular focus on leadership. This has included support for the individual manager in SDC, e.g. in change management and miscellaneous HR issues. In SDC's efforts to promote sustainable governance, the balance between management and leadership has been carefully considered as a key element of our strategy. Sustainable governance requires a harmonious fusion of strong operational governance (management) and inspiring value-based governance (leadership), where both aspects are essential to ensure long-term value for both the organisation and SDC's stakeholders.

By fostering an environment where both management and leadership work in synergy, we are creating a foundation that enables all employees to contribute to the company's success in a meaningful and sustainable way. We will promote a work culture that includes both employee wellbeing and personal development - a work culture that supports a balance where employees thrive and reach their full potential, while strengthening the company's long-term sustainability goals.

Employees – Average FTE

	2024	2023
Employees	643	647
External consultants	43	53
Nearshore consultants	306	338

Employee revenue

	2024	2023
Gross	11.6%	9.7%
Net (own resignations)	4.2%	4.4%

Diversity and inclusion – a workplace for everyone

One of the key focus areas in 2024 has been to promote diversity and inclusion in the workplace. SDC continues to work towards ensuring that all employees feel valued regardless of gender, ethnicity, age, religion and sexual orientation.

Throughout the year, we have taken steps to ensure that diversity is an integral part of our organisation and culture. We have implemented initiatives that promote an open dialogue about diversity, including distributing dialogue cards where employees were encouraged to reflect on what diversity means to them personally. In addition, we have highlighted diversity at an event, supporting our continued focus on inclusion and social responsibility as part of our overall ESG strategy.

Diversity in SDC

Diversity and inclusion in SDC are key concepts that focus on creating a work environment where all employees feel valued and included, regardless of the differences that may exist:

- Diversity refers to the variations among people
- Inclusion is about creating a culture where all employees feel welcome and valued

Average age, employees

	End of 2024	End of 2023	End of 2022
Denmark	50 years	50 years	49 years
Poland	39 years	38 years	38 years
Average age, total	46 years	46 years	46 years

Age at management levels

Average age, managers in SDC	End of 2024	End of 2023	End of 2022	End of 2021
Management	51 years	50 years	63 years	63 years
Directors	52 years	53 years	53 years	53 years
Department managers	52 years	51 years	50 years	50 years

Diversity and inclusion is about treating each other fairly and respecting the different needs, perspectives and potentials each of us have. When we do that, it has a positive effect on both trust and commitment in the organisation and among employees. The best solutions and the greatest value for everyone – employees, customers and SDC – can be created when we recognise and exploit the strengths of each other's differences. With People & Culture as the key driver, diversity and inclusion will continue to have high priority in everyday life in SDC.

SDC's youth network "Young Professionals" aimed at strengthening relationships and communities across SDC held social and interdisciplinary events again this year. The same applied to SDC's senior club for current and former employees. In SDC, it is also possible to scale down to part-time without reducing the pensions contributions if certain criteria have been fulfilled when the employee is over 60 years of age. In addition, senior counselling is offered in relation to planning the third age.

In general, the average age of SDC's employees is 46, which is unchanged compared to 2023. The average age on the three management levels also remained largely unchanged.

Gender composition in SDC

A core element of SDC's overall recruitment policy is that all posts are filled by the best qualified candidate regardless of gender. In the recruitment process, active efforts are made to promote diversity and inclusion so that both men and women have equal opportunities to contribute to the development of SDC.

SDC also has a strong focus on ensuring equal opportunities for both women and men in all roles and at all levels of the organisation.

The IT industry faces challenges in terms of attracting women. For example, figures from 2024 provided by Finans Danmark show that women represent only 25% of the students on IT and STEM programmes at the country's universities.

Despite this, SDC has been able to obtain a gender balance in general. SDC's gender balance for female department managers decreased from 41% in 2023 to 34% in 2024, i.e. the 2024 target of 41% has not been met. The proportion of women on the second management layer has achieved the target of a minimum 40/60 gender balance by 2024. The overall gender balance in SDC is 39%, which is a slight increase from 38% last year.

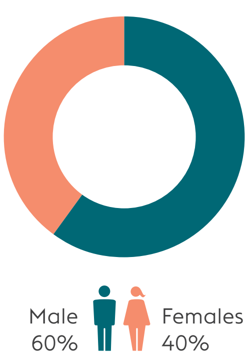
Women still account for a large proportion of SDC's workforce as a result of our targeted efforts to promote inclusion and diversity in our recruitment process. Although the proportion of women enrolled in IT programmes is generally low, we are proud that we have managed to attract female employees in our organisation, supporting the innovation and diversity needed to meet the digital future. However, there is still a lot of work ahead of us. Our goal is to continue to attract and retain female employees. The proportion of female nearshore consultants has dropped from 9% to 8%.

Gender diversity

	Unit	Target 2028	2024	Target 2024	Target 2023	2023	2022
Second management layer*				Target met	Target met		
	% female	40	40%	Min. 40/60 gender balance	Min. 40/60 gender balance	40%	30%
	Number of female/male		4/6		(2023 target)	4/6	3/7
Department managers				Target not met	Target met		
	% female	40	34%	41%	Min. 40/60 gender balance	41%	45%
	Number of female/male		13/25		(2023 target)	14/20	15/18
Employees	% female	-	39%	-		39%	39%
Overall gender balance	% female	-	39%	-		38%	38%
Nearshore consultants	% female	-	8%	-		9%	8%

*The second management layer consists of the Senior Management and directors

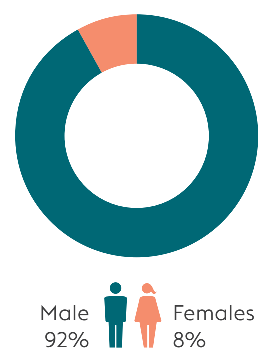
Second management layer (the Senior Management and directors)



Department managers

Employees

Nearshore consultants



Health

SDC considers health a fundamental value that is closely linked to our sustainable business practices and responsibility as a company. We recognise that both physical and mental health are central to our employees' wellbeing, productivity, and long-term commitment, which is why health is a core area.

In 2024, we have continued to focus our work, offering initiatives that promote the health and wellbeing of our employees. This includes both physical health schemes via the employee association, flexible working hours, health insurance offerings, flu vaccines and social events. SDC also focuses on mental health with access to support schemes through the health insurance, which helps our employees manage stress and find balance in everyday life.

Total sickness absence was 3.7% in 2024. Sickness absence has decreased at our location in Poland, but increased at the location in Denmark, which results in a slight increase compared to last year. In 2024, initiatives focused on proactive disease management were launched and these initiatives will continue in 2025. We will offer sick leave interviews through our internal stress coach and maintain a close collaboration with an external partner who provides a number of tools for effective management of sickness absence. In addition, we will introduce workshops on employee wellbeing in the different teams, with the aim of promoting a proactive approach to employee wellbeing and sickness absence.

InterForce

In 2024, SDC has continued to support Interforce. Our partnership with InterForce is part of our continued commitment to supporting Denmark's national security. We see it as an important opportunity to support the employees who combine their civil work with military work and to contribute to the emergency procedures and preparedness of the Danish Armed Forces.

Employee-driven initiatives

In 2024, thousands of people in Lower Silesia, Poland, lost their homes, kindergartens, and schools caused by flooding due to extreme rainfall. Employees made arrangements for a fundraising initiative supported by SDC. The entire donation was earmarked for mobile water purification equipment for use by the authorities and was sent to the local humanitarian aid organisation.

Sickness absence

Sickness absence rate	2024	2023	2022
Denmark	3.8%	3.6%	3.8%
Poland	1.8%	2.5%	5.7%
Total	3.7%	3.6%	3.9%

Another example is support for the "Be a Star" initiative, supporting children in foster care. In 2024, employees raised funds for Christmas presents for 91 Polish children in an orphanage.

Other initiatives aim at sustainability with a focus on recycling for employees.

Responsible supplier management

Human rights, labour rights, climate and anti-corruption

Collaboration with suppliers is important to SDC and SDC has clear expectations to our suppliers' behaviour. Workers in the value chain are essential to SDC, which our double materiality assessment also shows.

SDC is already focusing on the protection of workers' working conditions in the supply chain, equal treatment and other work-related topics. The work with responsible supplier management is driven by our Procurement department. SDC has a Supplier Code of Conduct (attached in the appendix) and processes for this. Responsible supplier management is an important topic that is also included in SDC's CSR/ESG policy and SDC has worked with and reported on the topic over time. SDC supports the United Nation's ten principles in the areas of environment and climate, human and labour rights and anti-corruption as well as the United Nation's 17 Sustainable Development Goals.

Expectations to SDC's suppliers are expressed in SDC's Supplier Code of Conduct, which SDC's suppliers are presented with. Among other things, SDC expects suppliers to respect human and labour rights. Furthermore, SDC's Supplier Code of Conduct specifies that SDC will not tolerate bribery or any other forms of corruption and that all suppliers must act in accordance with the legislation applicable to suppliers and strive to minimise the adverse impacts on the environment due to their activities.

Since 2023, the work on responsible supplier management within ESG has been supported by an external market-leading IT-supporting platform solution by Integrity Next. This contributes to transparency and an overview of suppliers' ESG performance.
SDC works with a risk-based approach. SDC's suppliers are primarily from the EU and the US.

SDC has entered into a framework agreement that also ensures the Nordic SDC banks' ability to choose this solution, which was presented at SDC's ESG Day for banks in the SDC community.

SDC's engagement with SDC's suppliers

No breaches of SDC's Supplier Code of Conduct were detected in 2024. SDC will continue to monitor that suppliers comply with SDC's Supplier Code of Conduct.

SDC's Supplier Code of Conduct

SDC's Supplier Code of Conduct is part of the principles governing SDC's way of controlling suppliers. The Code is presented to SDC's suppliers and SDC expects that they comply with the Code and any relevant and applicable provisions of national law within the jurisdiction in which they operate.

With annual updates and reminders from SDC, suppliers must confirm their continued compliance with the Code. Any non-compliance must be reported to a contact in SDC.

In 2024, SDC has not received any communication concerning non-compliance. The supplier is expected to take corrective action to remedy such non-compliance and take appropriate steps to prevent any future recurrence. In order to secure and fulfil SDC's ambitions with the Supplier Code of Conduct, SDC implements concrete actions across SDC's value chain in the monitoring of and follow-up on suppliers.

Supervision

SDC is subject to supervision of the Danish Financial Supervisory Authority as well as internal and external system audits

Data behaviour/ ethics

SDC considers itself a competent and decent partner, complying with the law in force at any given time concerning good data behaviour and ethics

Zero tolerance

SDC has zero tolerance with regard to corruption, bribery, fraud or other forms of inappropriate business conduct

Governance (Management data)

Corporate Governance is important to SDC, and this is also the outcome of SDC's double materiality assessment. SDC has already chosen to include more data points within the topic this year, cf. ESRS G1 (see appendix).

IT security and data ethics

SDC operates in a mature and regulated industry where SDC banks are also subject to extensive regulation and monitoring. Like SDC's customers, SDC is subject to supervision by the Danish Financial Supervisory Authority. In addition, SDC is subject to requirements for internal and external system audits.

SDC has established a process that increases employees' focus on and insight into IT security. All newly recruited employees must therefore participate in a cybersecurity info meeting. In addition, all SDC employees have completed a mandatory online course in Security Awareness in 2024. No incidents or IT security breaches were reported in 2024 that have affected SDC or SDC's customers ease of doing business. The aim is to keep a certain IT security level that is reassuring to third parties in 2024.

SDC received a satisfactory ISAE 3402 declaration issued by PwC and SDC's internal audit covering 2024.

As regards GDPR matters, SDC received a satisfactory ISAE 3000 declaration from PwC.

In 2024, SDC has implemented a series of initiatives to further strengthen cybersecurity through the updating of security-related technologies, enhancing authentication security, renewing administrative tools and testing cybersecurity and the digital operational resilience. During 2024, SDC has also assisted the banks with their own compliance and security management through established forums of collaboration with this focus.

The DORA Regulation established requirements for digital and operational resilience for financial services companies, including governance and risk management, incident detection and reporting, testing, and third-party risks. NIS2 is a horizontal EU directive with minimum requirements for cybersecurity. In 2024, SDC has been working on the requirements that follow from the DORA Regulation and NIS2 and that are implemented in the Danish Financial Business Act. Both sets of rules have a major impact on how SDC operates. SDC focuses on ensuring its own compliance with relevant legal requirements and on supporting SDC's customers in their compliance with the DORA Regulation.

Data Ethics Policy

SDC plays an important role as an IT provider for financial services companies in the Nordic countries and processes large amounts of data on behalf of SDC's customers. It is therefore essential for SDC that SDC processes data correctly, securely and in an ethically responsible manner in all respects.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SDC UDVIKLING A/S

SDC wants to be perceived as a respected, competent and decent partner who complies with the legislation in force from time to time and complies with good data behaviour and ethics. SDC has adopted a Data Ethics Policy which aims to contribute to this. SDC's Data Ethics Policy applies throughout SDC. SDC's Data Ethics Policy can be found at www.sdc.dk/dataethics.

Anti-corruption and bribery

SDC bases its CSR approach on the belief that a responsible operation of a business makes good financial sense. SDC believes that an open and transparent business environment benefits everyone, and SDC has zero tolerance with regard to bribery, fraud or other forms of inappropriate business conduct. SDC is committed to supporting fair and free competition, complying with all relevant laws and regulations and work against corruption in all its forms. This is reflected in SDC's CSR/ESG policy, and SDC also supports UN Global Compact's ten principles.

SDC saw no reported cases of corruption and bribery in 2024.

In 2025, SDC plans anti-corruption and anti-bribery training with a risk-based approach. Furthermore, SDC will look into a procedure aimed at prevention.

Taxes, duties and charges

It is SDC's ambition to contribute positively to the surrounding society. Among other things, SDC contributes through the payments of taxes and duties that SDC contributes to society each year. As for SDC's payment of taxes and duties, the majority is pad to Danish society. However, Sweden, Norway and Poland also receive payments of taxes and duties from SDC.

SDC ensures that all taxes and duties are reported in accordance with applicable legislation and are paid in full and in an accurate and timely manner.

Transparency in terms of SDC's payment of taxes and duties is a top priority for SDC. The distribution of tax payments between countries is regulated by SDC's Transfer Pricing Policy (TPP), among other things. The TPP lays down the distribution of tax payments according to objective criteria based on SDC's activity in each country. SDC does not have activities in countries or locations that are categorised as "tax havens", and SDC is not, and has not been, involved in any form of tax evasion.

The increase in SDC's VAT contribution can be attributed primarily to the fact that SDC's revenue subject to VAT outside the EU (Norway) has decreased, which is why SDC can deduct less input VAT. Total input VAT has also increased. The increase in PAYE taxes and payroll tax can be attributed to a higher average salary per employee in 2024 compared to 2023.

Taxes, duties and charges in the financial accounts 2024

TDKK	2024	2023	2022
Corporation tax	4,192	3,977	4,292
Property taxes	0.000	0.000	0.000
PAYE tax (employees)	211,465	197,992	176,436
Payroll tax	77,384	74,623	66,203
VAT (non-recoverable)	132,339	102,801	85,774
Environmental tax	0.000	0.000	0,001
Total	425,380	379,393	332,715

Description of the gender composition of the board of directors

The gender composition of the board members elected by the general meeting in 2024 was six men and one woman, corresponding to a composition of 86% men and 14% women. The gender composition is on par with the gender balance in terms of management and responsibilities of the executive boards among SDC's shareholders.

A new target for the underrepresented gender in the board of directors is to have two members elected by the general meeting by the end of 2028. The target is thus set at 29% for the underrepresented gender. However, achieving the objective will depend on the future composition and internal distribution of responsibilities in the executive boards of SDC's shareholders. Two out of the four board members elected by the employees are women.

Board of directors target by the end of 2028

Gender diversity in the board of directors

	Unit	Target 2028	2024	Target 2023	2023	2022
Board of directors (members elected by the general meeting)				Target met		
	% female	29	14	14	14	0
	Number of female/male	2/7	1/6	1/6	1/6	0/8


GOVERNANCE

Towards Sustainable Banking

ESG ambition together with customers
"Towards Sustainable Banking" is the name of SDC's ESG ambition together with its customers. ESG data, ESG legislation and potential new business opportunities are on the agenda, and the financial sector has been identified as a key player in the transformation towards a sustainable world. This also has an impact on SDC and SDC's role in relation to the ESG agenda. SDC's ESG solutions are developed across the Nordic region for use in all SDC banks. The solutions are adjusted to local conditions and data, taking advantage of collective Community knowledge and expertise across national borders. ESG regulation initially affects the larger banks, with the consequent need for system support. Solutions are built so that all institutions, including those with a voluntary ESG ambition, can take advantage of the central development through SDC.

In 2024, the focus has been on meeting our ambition, which in 2024 resulted in two commercial ESG projects. The first project is dedicated to the EU taxonomy and compliance reporting for the larger SDC banks. A project where the professional depth and clarification of business needs has stressed the need for close collaboration between the banks, consultants and SDC's sustainability specialists.

The second ESG project is dedicated to the Corporate Sustainability Reporting Directive (CSRD) compliance reporting. In this context, SDC now offers an independent solution - an IT platform that can support the complex CSRD compliance reporting of the banks on far more reference points than previous sustainability reporting. This is a solution where we have partnered with the Belgian software company Greenomy. The new CSRD directive will enter into force over a number of years, while it will apply to the largest companies and financial institutions already from 2024.

The ESG ambition and ESG projects in 2025
Banks are affected by EU regulations and general societal expectations that financial institutions contribute to the transformation towards a more sustainable world. This includes that the banks are able to meet the increased documentation requirements in connection with the banks' investments, lending and own operations. Therefore, in 2024, SDC has organised four country-specific ESG meetings to identify this need. This is expected to be reflected in SDC's future ESG product portfolio and the resulting need for IT support. SDC follows the EU Omnibus simplification package, forecasting possible significant changes in ESG reporting as well.

ESG Community and ESG Network
SDC has established an ESG Community with the aim of building and sharing knowledge in relation to the ESG agenda. In 2024, a webinar was held focusing on the topic "Climate transition plan", with a significant level of engagement from the SDC banks. More ESG webinars are planned in 2025. SDC participates in the network "ESG og Finans" ("ESG and Finance") where SDC banks also participate. In 2025, SDC joined the Advisory Board with the Head of ESG.

For the second consecutive year, SDC organised ESG Day for the banks in the Nordic community and participated in ESG Days in the Faroe Islands with the Faroese banks, where ESG data was a topic in the meeting.

ESG key figures

	Unit	2024	2023	2022
Environmental				
Scope 1	Tonnes CO_2	0.1	0.3	0.8
Scope 2 (market)	Tonnes CO_2	24.5	75.0	100.4
Scope 2 (location)	Tonnes CO_2	165.5	281.5	280.7
Scope 3 (total)	Tonnes CO_2	594.2	868.4	850.4
Social				
Full-time workforce (permanent employees) average 2024	FTE	643	647	583
Gender diversity in second management layer (Senior Management and directors)	% female	40	40	30
Gender diversity, department managers	% female	34	41	45
Gender diversity, overall gender distribution	% female	39	38	38
Employee revenue (net)	%	4.2	4.4	7.8
Average age of employees (including SDC Poland)	Years	46	46	46
Sickness absence among employees	% of total standard working hours	3.7	3.6	3.9
Corporation tax	TDKK	4,192	3,979	3,505
Total settled taxes and charges	TDKK	425,380	379,395	331,928
Governance				
Gender diversity of the board of directors (members elected by the general meeting)	% female	14	14	0
Whistleblower (number of reports received via SDC's system)	Number	0	0	1
Security awareness online programme (proportion of employees who have completed the program)	%	100%	99%	98%

Accounting practices Corporate Social Responsibility Report

General disclosures

Short-term timeframe: The period used by SDC for its financial accounts.
The medium-term timeframe: From the end of the short-term reporting period compared to up to five years.
The long-term timeframe: More than five years.

Environment

Reports from SDC are based on reporting standards which have been prepared on the basis of the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol is an internationally recognised reporting standard for climate accounting and is used by the vast majority of organisations and companies reporting their greenhouse gas emissions.

The GHG Protocol identifies the calculation and reporting of seven greenhouse gases covered by the Kyoto Protocol: Carbon dioxide (CO_2), methane (CH4), dinitrogen oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur fluoride (SF6) and nitrogen trifluoride (NF3).

The greenhouse gas emissions are calculated from the annual consumption and the latest emission factor published by the UK Government Department for Environment, Food & Rural Affairs (DEFRA) unless otherwise specified. Consumption data are calculated for the period 1 January 2024 to 31 December 2024 unless otherwise stated.

Scope 1 – Direct emissions

Company cars

Greenhouse gas emissions relating to electricity used in company cars owned or controlled by SDC. The emission factor used is published by the Association of Issuing Bodies (AIB).

Scope 2 – indirect emissions

Electricity

The emissions are calculated according to the two methods in the GHG Protocol: Market-based and location-based. The greenhouse gas emissions of electricity purchased at all SDC locations that are calculated using the location-based approach are calculated from the annual electricity consumption and the respective country's average greenhouse gas emission factor published by AIB (Production Mix).

Greenhouse gas emissions related to electricity purchased at all JN Data's sites are calculated using the market-based approach and calculated from the annual electricity consumption, the share of electricity consumption covered by renewable energy certificates and the respective country's average greenhouse gas emission factor published by AIB (Residual Mix).

District heating

Greenhouse gas emissions related to purchased district heating at SDC offices. The greenhouse gas emissions are calculated from the annual heating consumption in GJ (Gigajoules) converted into kWh and the emission factor is calculated by the Danish Energy Agency.

Scope 3 – other indirect emissions

Category 1: Purchased goods and services

Upstream greenhouse gas emissions relating to goods and services purchased by SDC from the three largest suppliers. The greenhouse gas emissions are either calculated by the supplier itself or by SDC based on estimated consumption data and emission factors provided by AIB.

Category 6: Business travel
Emissions of greenhouse gases related to business travel applicable to SDC employees. The emissions of greenhouse gases are calculated from air or road transport. The emission factors used for flights are obtained from DEFRA while the emission factors for road transport are obtained from the Danish Energy Agency.

Social

Social data regarding employees, management and salaries etc. covers SDC as a whole. Social data is either the end of the year or the average for the year. This is specified in the individual tables.

Number of employees
The number of employees is calculated as full-time equivalents (FTE) and includes permanent employees. The ATP method has been applied to the Danish employees.

Employee revenue
Employee revenue is calculated on the basis of a 12-month record based on the total number of resigned employees (gross) as well as the number of resigned employees through own resignations (net).

Average age, employees
The calculation of the average age of employees includes permanent employees.

Age at management levels
Average age of managers in the given management category (as of end of the year).

Sickness absence rate
Sickness absence hours as a percentage of total standard working hours. Days of employee sick leave represent the employees' own sickness absence. Maternity leave and children's days of illness are not included in 2024.

Gender diversity
Total number of women compared to the total number of employees in the category of employment in question. SDC registers gender based on Danish Civil Registration Number.

Governance
Management data cover data for SDC and has been compiled as of 31 December 2024.

Gender diversity in the board of directors
Number of female board members elected by the general meeting compared to the number of members of the board of directors elected by the general meeting. Members elected by the employees are not included in the calculation.

Payment practices
The average time it takes for payment of an invoice from the date on which the contractual/statutory payment deadline starts to run in number of days. SDC has calculated the average time for the payments according to SDC's standard terms and conditions. The percentage of payments that follow the standard terms and conditions was calculated in 2024.

2024

Revenue

1,706↓

DKK million

1,837 (2023)

Revenue growth

-7.1%↓

YOY

7.9 (2023)

Profit/loss after tax

71↑

DKK million

31.4 (2023)

Cashflow for the year

-197.0↓

DKK million

-70.7 (2023)

Equity value per share

472↑

431 (2023)

Development activities

426↓

DKK million

434 (2023)

Development activities

47%↑

of the total development activities regarding commercial individual development

35 (2023)

Financial position

SDC's performance in 2024

2024 was something of a year with general turmoil in Europe and a normalisation of the rate of inflation. Moreover, it was the year when SDC's new strategy for 2025 was implemented.

The company's revenue developments

SDC's revenue for the financial year was DKK 1,706 million, thus reduced by DKK 131 million compared to the financial year 2023, which stood at DKK 1,837 million.

The drop in revenue compared to 2023 is mainly due to three factors:

- Loss of revenue related to Eika, including non-recurring income in 2023 in connection with the Eika banks' conversion corresponding to DKK -421 million
- Price indexation of 5 + 3.5% compared to 2023 price level, corresponding to a total price adjustment of DKK +140 million for all customers
- Increasing commercial revenue, primarily in Denmark, DKK +140 million
- Other adjustments corresponding to DKK +10 million

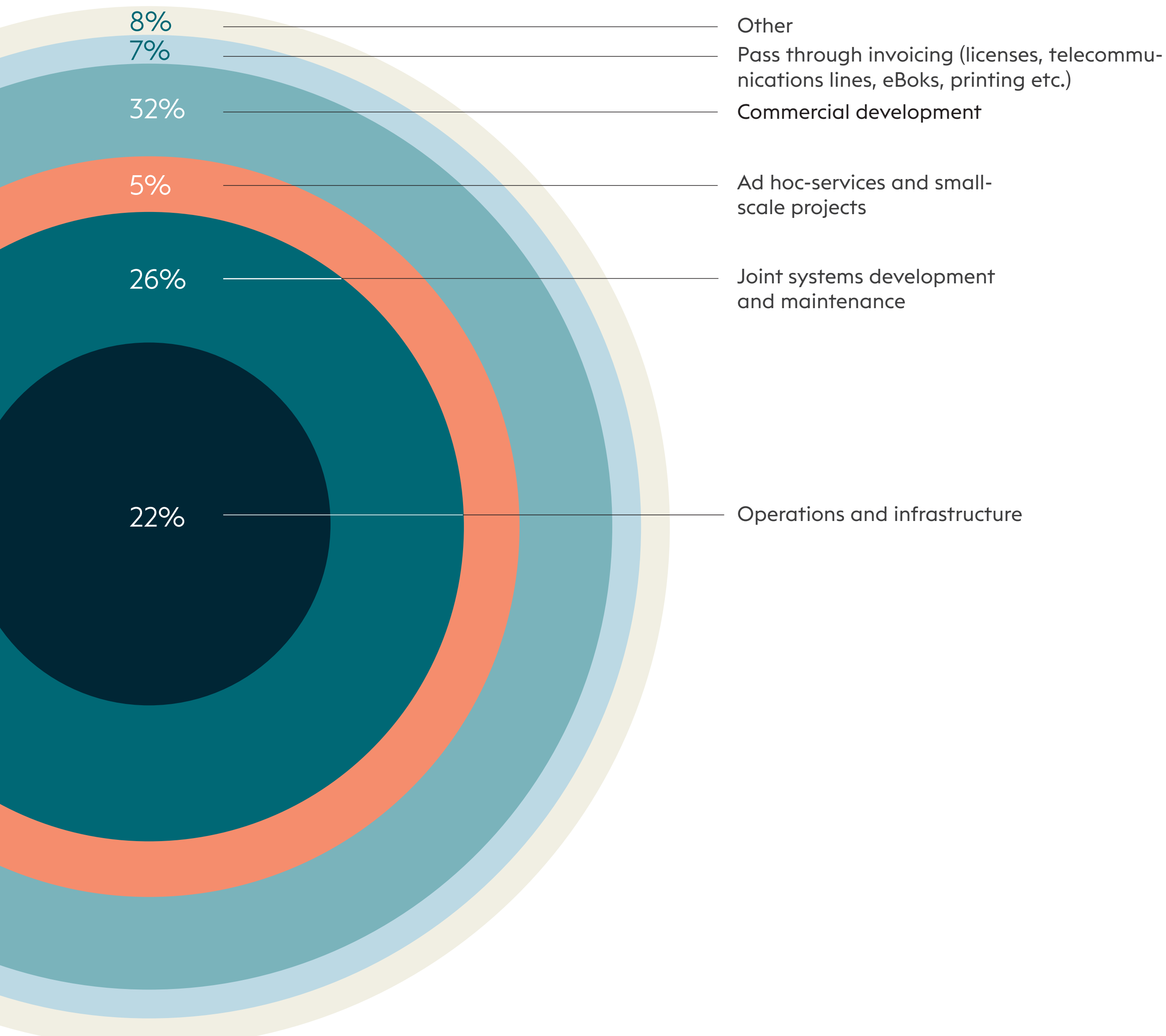
The reduction of revenue from 2023 to 2024 is as expected and comes primarily from the Norwegian market, and the main reason is the loss of Eika as a customer.

In addition to the reduction of revenue in the financial year 2024, it should be noted that SDC starts 2025 with an order backlog of around DKK 1,380 million for delivery in 2025. This corresponds to an incoming order backlog of more than 80% of the expected revenue in 2025, which is considered satisfactory.

SDC's revenue by geographical area

	Share of total revenue 2024	Total revenue 2024 in TDKK	Share of total revenue 2023
Denmark	73%	1,250,338	55%
Norway	13%	217,081	34%
Sweden	9%	150,695	7%
The Faroe Islands	5%	87,679	4%

Revenue allocation 2024 by services



The geographical distribution of SDC's total revenue of DKK 1,706 million in 2024 has changed significantly compared to previous years. This is due to a significant decline in Norwegian revenue (DKK -402 million). The main reason for the reduction of revenue is the loss of Eika as a customer. On the other hand, Danish revenue increased (DKK +230 million), which is primarily attributable to price adjustments and increasing commercial revenue.

SDC's revenue divided into types of services remains virtually unchanged compared to previous years, however with an increase in commercial tasks, partly driven by the conversion of the Eika banks. Out of the total revenue of DKK 1,706 million, approx. 56% of the revenue is reinvoiced according to each bank's actual consumption and only approx. 44% is reinvoiced according to allocation keys. SDC is planning to update the related settlement models as new systems are implemented. It is SDC's proposed objective to bill as many systems as possible on actual consumption basis and not according to allocation keys.

Changes in SDC's customers portfolio

It is a natural part of SDC's business that the customer base changes regularly. For example, this can be due to mergers and acquisitions on the financial markets.

Therefore, SDC continuously works to create variability and scalability in its production apparatus and the costs entailed therein. SDC is independent of large individual customers and has a geographical spread of revenue across several countries.

As a consequence of the ongoing consolidation in the market, SDC has completed a merger between Totalbanken and Sparekassen Danmark in the financial year 2024.

Revenue allocation

	Share of revenue in 2024	Amounts 2024 in TDKK	Share of revenue in 2023
Joint systems development and maintenance	26%	438,297	27%
Operations and infrastructure	22%	372,610	24%
Commercial projects	32%	554,199	30%
Ad hoc-services and small-scale projects	5%	82,869	6%
Pass through invoicing (licenses, telecommunications lines, eBoks, printing etc.)	7%	113,661	5%
Other revenue	8%	144,156	8%

It is SDC's expectation that further consolidations will take place in the markets in both Denmark and Norway in the coming years, and SDC is ready to help its customers with an efficient and cost-effective merger.

SDC is actively working to bring new customers into the portfolio. Over the past 10 years, SDC has attracted and onboarded more than 30 new banks in the Nordic market.

As mentioned, total revenue has decreased by DKK 132 million from 2023 to 2024. The decline in revenue has primarily affected the categories "Joint system development and maintenance" and "Operations and infrastructure". The declining revenue is primarily attributable to a lack of revenue from the Eika Group in 2024.

On the other hand, commercial revenue (commercial assignments) has increased from 30% to 32%, while the other service lines remain unchanged.

Profit from operating activities

SDC's gross profit in 2024 was DKK 999.9 million or 59% (2023 = DKK 967.6 million and 53%).

The total increase in gross profit for the financial year stood at DKK 32.3 million despite declining revenue.

The increased gross profit must be seen in the context of SDC executing projects more efficiently in the past year than before. In addition, SDC has, after consultation with the external auditor, chosen to carry back a number of provisions that were originally related to discounts in connection with conversion projects.

This returned transfer of provisions had a positive impact on revenue for the financial year of DKK 65 million and also for the profit for the year.

Profit before tax and financial income and expenses for the company in 2024 was DKK 75.3 million, compared to DKK 60.2 million in 2023, which is DKK 15.1 million more than profit before tax in 2023. The performance improvement is due to better cost control in the project business and the previously mentioned changes regarding provisions for discounts and increased use of contract deposits in relation to the company's excess liquidity.

Important elements for the improvement of cost control in the project business are a stronger focus on resource optimisation and increased use of nearshore resources in the project business, also not least in relation to the management task, as well as a continued focus on optimisation of subcontractor and licence agreements.

Staff expenses

For the financial year 2024, gross staff expenses are DKK 705.1 million before transfer to development projects (2023 = DKK 680.8 million). Out of the gross staff costs, the basic salary represents 78%, pensions 9% and other staff expenses (primarily payroll tax) 13%. This cost is related to an average number of employees of 643 (2023 = 647) in 2024.

In 2024, the average gross cost per employee is TDKK 1,100 p.a. (2023 = 1,052 TDKK p.a.). This represents a net annual increase of 5%. In this context, it should be mentioned that the collective agreement salary adjustment in 2024 amounted to 3.8%, but wage drift and compensation for abolition of the Danish public holiday falling on the fourth Friday after Easter have had a positive impact on the net adjustment by approx. 1.1% net. The general wage drift occurs through fluctuations between the time of an employee's resignation and re-employment during the year.

Out of the total gross staff expenses of DKK 705.1 million, DKK 108.2 million were carried forward to development projects that are capitalised whereby the staff expenses for the year directly charged to revenue amount to DKK 596,9 million that are recognised in the profit for the year.

Development costs

SDC's total costs for systems development in 2024 stood at DKK 426 million (2023 = DKK 434 million).

Of the total development costs, DKK 226 million related to the development of SDC's joint system portfolio, of which 84% related to legal and sector requirements as well as system support of process optimisations, while the remaining amount (16%) related to other development tasks.

The commercial systems development in 2024 amounted to DKK 200 million. This cost covers a number of customer-specific development projects and conversion tasks.

Despite constantly increasing regulatory requirements and the ongoing level change in terms of SDC's platforms (including, among other things, the new web and online banking platform (NEoS), the consultants platform (Advisor), consolidation for a data warehouse (BI and Finance) and an extensive automation agenda), in 2024 SDC has been able to make these investments with an increase in payments from banks of 5% + 3.5%.

The increase of 5% is market-based, while the increase of 3.5% is related to compensation for the loss of income related to the Eika Group.

The above has been achieved at a relatively stable level of write-downs of capitalised development costs of DKK 226.1 million, which stood at DKK 222.0 million compared to 2023.

The fact that SDC is able to maintain a fairly fixed level of depreciation and amortisation is because SDC focuses on optimising its business and adjusts its costs in all areas.

Within the regulatory area, SDC and the SDC banks have decided to invest continuously in updating relevant systems and platforms in vital areas instead of postponing the necessary evolutions and costs by patching obsolete solutions up.

As a result, the costs for compliance-based systems development have been a considerable part of SDC's overall shared development plan since 2015. The decision has meant that it has been possible to keep the amount for compliance-related development stable over the years. A robust and well-functioning foundation has been established to meet future regulatory requirements, including anti-money laundering solutions, IFRS9 reporting, COREP solutions and CRDV reporting. In 2024, SDC spent DKK 189 million in total (2023 = DKK 261 million) on compliance-based development.

Depreciation, financial income and expenditure

The company's depreciation and write-downs in the financial year 2024 was DKK -227.9 million, which is DKK -1.3 million more than in the financial year 2023 (DKK -226,6). For a specification of depreciation, see note 3 to the financial statements. Continuous depreciation and write-downs and ordinary impairment assessments of the projects are included in depreciation and write-downs for the year.

Financial income and expenditure

In 2024, SDC has realised financial income of a total of DKK 7.5 million (2023 = DKK 1.4 million). The financial income comes primarily from interest on excess liquidity, which is placed on six-month contract deposits.

Profit for the year

Profit before tax for the financial year 2024 was DKK 75.3 million (2023 = DKK 63.3 million). Profit for the year before tax is obviously better than 2023.

The improved result compared to the expected result (DKK +11 million) is due to better management of the company's development activities and the fact that the projects in the financial year were completed without significant losses.

Tax costs of DKK -4.2 million (2023 = DKK -31.9 million) are recognised in the accounts for 2024. The tax cost in 2024 is primarily attributable to tax payable in the company's Polish branch of DKK 4.1 million and to the company's branch in Norway of DKK 0.1 million. The major difference in relation to the company's tax payment in 2023 is primarily due to the fact that the company in 2023 made an extraordinary write-down of a deferred tax asset of DKK 28 million.

Overall, the above means that the company's profit after tax in 2024 stood at DKK 71.1 million compared to DKK 31.4 million in the financial year 2023 – an improvement of DKK 39.7 million and the company's best result in recent times.

Equity

SDC's share capital is DKK 173.5 million by the end of 2024, which remains unchanged compared to previous years. Equity by the end of 2024 amounts to DKK 818.4 million compared to DKK 747.2 million by the end of 2023. This change in equity is attributable to the profit for the period. The derived increase of the company's equity value per share from the end of 2023, when equity value per share was 430.7, to an equity value per share by the end of 2024 of 472 corresponds to an increase of 10% for the year which is better than expected.

Liquidity and cash flows

In the financial year 2024, SDC had a decrease in cash flows from operations of DKK 22.5 million. Cash flows from operating activities in the financial year stood at DKK 141.6 million, compared to DKK 164.1 million in 2023. The decrease in cash flow is primarily attributable to a change in accruals and deferred income.

By end of 2024, the company's cash position was DKK 233.1 million compared to DKK 430.1 million at year-end 2023. The decrease in cash and cash equivalents at the end of the year amounted to DKK -197.0 million.

Cash flow for the year of DKK -197.0 million is an increase of DKK 74.3 million compared to the same figures for 2023. The change in cash flow for the year is primarily due to the fact that the comparative figures for 2023 have changed, as fixed-term deposits with a residual maturity of more than three months are classified as investments.

Accounting estimates

The annual report is prepared on the basis of assumptions which involve accounting estimates in certain areas. The estimates applied are made by management in accordance with general accounting practices and based on information and assumptions which management deems to be justified and true but which in the nature of the case are uncertain and unpredictable.

Items which include significant estimates for the statement of accounts are the following:

- Development projects
- Provisions for completion of projects
- Liabilities related to sale of property
- Deferred tax asset
- Accrual accounting, liabilities

Special risks

SDC's business is not directly exposed to foreign exchange risks in the financial year, as SDC mainly has transactions in DKK and EUR. All customers are invoiced in Danish kroner, and the only significant cost in other currencies will typically be payroll costs to employees in Poland and Norway and payment of individual deliveries, e.g. rent in EUR and PLN.

In case of significant costs in foreign currency, the need for any hedging of exchange rate fluctuations is assessed centrally.

The most important risks at SDC concern the reliability of the systems operated for SDC's customers and data communication between SDC and the customers. These risks are covered through multi-year agreements with professional suppliers, primarily JN Data A/S on IT operations, TDC on lines and communications as well as NNIT A/S on workplaces and KMD on printing services, etc.

SDC continuously evaluates whether it is appropriate to outsource specific tasks to specialised sub-contractors or whether SDC should produce the services – a so-called make-or-buy assessment.

Own shares

In accordance with Section 77 (1) of the Danish Financial Statements Act, SDC can inform that SDC by the end of the financial year held the shares shown in the table.

The shares are only held temporarily until the next redistribution, where the shares are distributed to the owners in connection with the company's annual redistribution which takes place no later than four weeks after the company's general meeting that will be held on 5 May 2025.

SDC's own shareholding

	Quantity	Nominal value TDKK	Percentage share of company capital
Own shares at the beginning of 2024	0		
Own shares acquired in the financial year	4,603	460	0.27%
Own shares sold in the financial year	4,603	460	0.27%
Own shares at the end of 2024	0	0	0
Total purchase price (TDKK)	1,895		
-	1,983		

The reason why SDC may for brief periods be in a situation where the company holds its own shares is that the company, in case of customers leaving, in accordance with the Articles of Association, buys back the customers' shares to ensure that they are subsequently redistributed to the other customers of the company at the first succeeding redistribution. The alternative to this practice would be to make a reduction of the share capital.

Future expectations

After the end of the financial year, SDC A/S announced on 10 February 2025 that the company is merging its activities with Netcompany A/S. In practice this will be done by merging SDC with a subsidiary established by Netcompany, Netcompany Banking Services A/S. This company is a newly established subsidiary that is 100% owned by Netcompany.

The merger is expected to be finally adopted no later than 1 July 2025, and the continuing company will be Netcompany Banking Services A/S, CVR No. 45388689.

The purpose of this merger is to create a new, powerful player and is an offensive initiative in the market for banking services.

The merger will secure the future banking platform and, with Netcompany's competences, create the leading player in the market with the necessary development and competitiveness for the benefit of the banks in SDC.

The collaboration combines SDC's modern banking platform with Netcompany's critical societal solutions and knowledge of AI, digital mail and technological innovation, which together will create a breakthrough for the entire banking market, not only in Denmark and the Nordics, but in the long term throughout Europe. The partnership will ensure better and more personal advice and services through new industry-specific and vendor-independent banking services.

SDC's strong Corebank system and superior applications, combined with the strong digital competencies at Netcompany, also mean that there will be an opportunity to increase the pace of development of new systems in a sector characterised by intense competition within IT development. Superior IT systems are crucial to be competitive for the country's banks and to be able to comply with reinforced regulation and at the same time deliver good solutions to customers.

At the end of the financial year on 31 December 2025, SDC's existing business is expected to have carried out activities amounting to an expected revenue of around DKK 1,700 million in Netcompany Banking Services A/S with profit for the year close to 0.

In addition, SDC has started a number of sales efforts on the Norwegian market that are expected to be fully or partially cleared during 2025. In the long term, these efforts are expected to have a positive impact on Netcompany Banking Services A/S' revenue and earnings in the coming years.

Apart from the above, no events have occurred after the balance sheet date and up to this date which affect the annual report and the accounting valuations.

The company is a supplier of critical infrastructure, and as such it is uncertain how the higher political risk in Europe will affect the company's operations in the coming years. Since all customers and employees of the company are located within the EU and Norway, it is considered that the risk of major impacts is limited.

Financial statements

Financial Statements SDC 2024

General accounting practices

The Annual Report of SDC A/S for 2024 has been prepared in accordance with the provisions governing reporting class C-companies under the Danish Financial Statements Act.

The presentation of liquidity in the cash flow statement has been changed so that fixed-term deposits with a residual maturity of more than three months are classified as investments. Comparable figures are adjusted.

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

Accounting estimates

The annual report is prepared on the basis of assumptions which involve accounting estimates in certain areas. The estimates applied are made by management in accordance with accounting practices and on the basis of information and assumptions which management deems to be justified and true but which in the nature of the case are uncertain and unpredictable. Items which include significant estimates for the statement of accounts are the following:

- Development projects
- Liabilities related to sale of property
- Provisions for completion of projects
- Deferred tax asset
- Accruals and deferred income, liabilities

Recognition and valuation

Revenues are recognised in the income statement as earned, including value adjustments of financial assets and liabilities, which are measured at fair value or amortised cost. Furthermore, costs incurred to generate the year's earnings are recognised in the income statement, including depreciation, write-downs and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when a future outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Translation of foreign currency

The reported currency is Danish kroner. All other currencies are considered foreign currencies.

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If currency positions are regarded as hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are measured at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arises is recognised in the income statement as financial income and expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

SDC's branch in Poland forms an integral part of the parent company's activity and is converted according to the temporal method.

Segment reporting

Information is provided on revenue according to geographic segments. The company only has one business segment as the company's services, customers and delivery model are in the same segment.

Accounting practices – Income statement

Revenue
Revenue is recognised in the income statement when benefits and risks have passed to the buyer, revenue can be reliably measured and it is likely that the economic benefits from the sale will flow to the company.

Where products with a high degree of individual adaptation are supplied, recognition is made in the revenue as production is carried out, whereby the revenue corresponds to the sales value of the works performed for the year (production method). When total income and costs on the contract or the completion rate on the balance sheet date cannot be reliably estimated, revenue is recognised only in proportion to the costs involved and only to the extent that it is likely to be recovered.

Revenue is measured at the fee received and is recognised exclusive of VAT and with deduction of discounts in connection with the sale.

Expenses for raw materials and consumables
Expenses for raw materials and consumables include expenses incurred in connection with the generation of the company's revenue. In addition, expenses for facility management, external consultants, software costs, etc. are also recognised in direct production expenses.

Work performed by the company for its own purposes and capitalised
Work performed by the company for its own purpose and capitalised includes staff expenses for the year recognised in the costs for the company's development projects in the balance sheet.

Other external expenses
Other external expenses include expenses incurred for management, maintenance and expenses for premises, sales, consultancy assistance as well as office expenses, etc.

Staff expenses
Staff expenses include wages and salaries as well as related costs, including payroll tax.

Depreciation and write-downs
Depreciation and write-downs comprise the depreciation and write-downs for the year on intangible and tangible fixed assets.

Income from equity investments in affiliated and associated companies
The proportionate share of the profit/loss for the year is included in the income statement under the item "Income from equity investments in affiliated and associated companies".

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit or loss for the year
Tax for the year, which includes the year's current and deferred tax, is recognised in the income statement as regards the portion that relates to the net profit/loss for the year and is taken directly to equity as regards the portion that relates to entries directly in equity.

Changes in deferred tax due to changes in the tax rates are recognised in the income statement.

The company is jointly taxed with Danish subsidiaries. The tax effect of the bilateral agreement on taxation with the subsidiaries is distributed on profit-making and loss-making companies in proportion to their taxable income (full distribution with refund regarding tax losses).

Income statement

Note	TDKK	2024	2023
1	**Revenue**	1,705,793	1,836,977
	Expenses for raw materials and consumables	-757,562	-855,631
	Work performed by the company for its own purposes and capitalised	108,204	121,662
	Other external expenses	-56,471	-135,422
	Gross profit	**999,964**	**967,586**
2	Staff expenses	-705,075	-680,766
3	Depreciation and write-downs	-227,949	-226,636
	Profit before financial income and expenses, net	**66,940**	**60,184**
	Income from equity investments in affiliated and associated companies	1,782	1,738
4	Other financial income	7,508	1,412
5	Other financial expenses	-946	-47
	Profit before tax	**75,284**	**63,287**
6	Tax on profit or loss for the year	-4,192	-31,880
7	**Profit for the year**	**71,092**	**31,407**

Notes – Income statement

1: Revenue

TDKK	2024	2023
Deliveries, Denmark	1,250,338	1,018,729
Deliveries, Norway	217,081	619,517
Deliveries, Sweden	150,695	123,317
Deliveries, Faroe Islands	87,679	75,414
	1,705,793	**1,836,977**

2: Staff expenses

TDKK	2024	2023
Salaries	548,666	536,227
Pensions	66,275	58,853
Other staff expenses	90,134	85,686
	705,075	**680,766**
Remuneration of the management amounts to	0	5,905
Remuneration of the board of directors amounts to	0	2,309
Remuneration of the management and the board of directors amounts to	6,705	0
Remuneration of the management and the board of directors	**6,705**	**8,214**
Average number of full-time employees	643	647

In accordance with Section 98b of the Danish Financial Statements Act, remuneration for the management and the board of directors in 2024 is presented together.

Notes – Income statement

3: Depreciation and write-downs

TDKK	2024	2023
Depreciation of intangible fixed assets	226,108	221,987
Depreciation of tangible fixed assets	1,841	4,649
	227,949	**226,636**

4: Financial income

TDKK	2024	2023
Interest receivable	7,313	810
Other financial income	195	602
	7,508	**1,412**

5: Financial expenses

TDKK	2024	2023
Other financial expenses	946	47
	946	**47**

6: Tax on profit or loss for the year

TDKK	2024	2023
Current tax for the year	4,271	4,011
Deferred tax for the year	-104	27,869
Adjustment of tax regarding previous years	25	0
Upward adjustment of deferred tax	8,713	0
Application of deferred tax	-8,713	0
	4,192	**31,880**

7: Distribution of net profit

TDKK	2024	2023
Reserve for net revaluation under the equity method	1,782	1,738
Retained earnings	69,310	29,669
	71,092	**31,407**

Accounting practices – Balance sheet

Intangible fixed assets

Development projects and other intellectual property rights

Expenses for development projects include salaries, depreciation and other expenses which may be directly or indirectly ascribed to development activities.

Clearly defined and identifiable development projects for which technical feasibility, adequate resources and a potential future market or development opportunities can be identified and for which the intention is to market or use the project are recognised as intangible fixed assets if there is adequate security that the value in use of the future earnings may cover the costs of production, sale and maintenance as well as the actual development costs.

Development projects which do not fulfil the criteria for recognition in the balance sheet are recognised as costs in the income statement as they are incurred.

Capitalised development costs are measured at cost less the accumulated depreciation and write-downs or the recoverable amount if this is lower. An amount corresponding to the recognised development costs is reserved in the item "Reserve for development costs" under equity. The reserve comprises only development costs recognised in the financial year starting on 1 January 2016 or later. The reserve is reduced continuously by depreciation and write-downs on the development projects.

Capitalised development costs are amortised from the time of completion on a straight-line basis over the period during which the development work is expected to generate financial benefits. The period of amortisation is usually 5 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining time to expiry of the relevant rights, but maximum 10 years.

Intellectual property rights are measured at the cost less the accumulated depreciation and write-downs or the recoverable amount if this is lower.

Software licences are depreciated on a straight-line basis over the agreement period, but maximum 10 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs.

Cost comprises the acquisition cost and costs directly related to the acquisition until the time where the asset is ready for use.

The basis of depreciation, which is stated as cost and deduction of any residual value, is distributed on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50 years
Installations in buildings	10-15 years
Production plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	2-5 years

Depreciation period and residual value are reassessed annually.

Accounting practices – Balance sheet

Write-downs of fixed assets
The accounting value of intangible and tangible fixed assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

In such cases, a write-down is made at the lower recoverable amount.

Leasing contracts
Leasing contracts related to fixed assets where the company retains all significant risks and rewards inherent to ownership are treated as financial leases. All other leasing contracts are treated as operating leases. Services in connection with operating leases and other leases are recognised in the income statement over the term of the contract. The company's total liabilities regarding operating leases and leases are disclosed under contractual obligations and contingent liabilities, etc.

Investments in affiliated and associated companies
Investments in subsidiaries and associated companies are accounted for and measured under the equity method.

Investments in affiliated and associated companies are measured at the proportionate ownership share of the companies' net asset value recognised on the basis of fair market value of the identifiable net assets at the time of acquisition with deduction or addition of unrealised intra-group profits and losses and with addition of residual value of any excess values and goodwill recognised at the time of the acquisition of the companies.

The total net revaluation of equity investments in affiliated and associated companies is transferred through the distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributions to the parent company and is adjusted by other equity movements in the affiliated and associated companies.

Inventories
Inventories are recognised at the lower of cost according to the FIFO method or net realisation value. The net realisation value for inventories is stated as the amount expected to be received from sales in normal operation with deduction of sales costs. The net realisation value is stated with due consideration for negotiability, obsolescence and development in expected sales price.

Receivables
Receivables are measured in the balance sheet at amortised cost, which in this context corresponds to face value. A provision is made for bad debts based on an individual assessment.

Accounting practices – Balance sheet

Ongoing service contracts
Ongoing service contracts are measured at the sales value of the work performed less progress billings and expected losses. The sales value is measured on the basis of the stage of completion as of the balance sheet date and the expected total incomes for the individual service contract. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual service contract.

When the sales value of a service contract cannot be reliably recognised, the sales value is measured at the expenses incurred or the net realisable value, whichever is lower.

The individual service contracts are recognised in the balance sheet under receivables or creditors. Net assets comprise the sum of service contracts where the sales value of the work performed exceeds progress billings. Net liabilities comprise the sum of service contracts where progress billings exceeds the sales value.

Costs in connection with sales work and conclusion of contracts are recognised in the income statement as they are incurred.

Accruals and deferred income
Accruals and deferred income recognised as assets comprise prepaid expenses regarding subsequent financial years.

Cash and cash equivalent
Cash and cash equivalent consist of cash at hand and cash in the bank.

Equity
Dividends
Dividends proposed by management to be distributed for the year are shown as a separate item under equity.

Reserve for development costs
Reserve for development costs includes consolidated development costs. The reserve cannot be used for dividends, distribution or covering losses. If the recognised development costs are sold or otherwise excluded from the company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of the development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by current cost depreciation of the capitalised development costs.

Own shares
Purchase and sales amounts for own shares are recognised directly in equity under retained earnings. Dividends from own shares are recognised directly in equity under retained earnings.

Provisions
Provisions are recognised when, as a result of an event on or before the balance sheet date, the company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

Accounting practices – Balance sheet

Deferred tax assets and liabilities

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 intended use of the asset or settlement of the liability, respectively.

Deferred tax assets are measured at the expected value of their realisation, 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.

Deferred tax is measured according to 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 due to changes in the tax rate are recognised in the income statement or in equity when the deferred tax concerns items recognised in equity.

Current tax receivable and payable

Current tax receivable and payable 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. Surcharges and refunds under the on-account tax scheme are recognised in the income statement as financial income and expenses.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the loans are measured at amortised cost. Accordingly, the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which essentially corresponds to nominal value.

Accruals and deferred income

Accruals and deferred income recognised as liabilities comprises payments received concerning income in subsequent financial years.

Balance sheet – Assets

Note	TDKK	31/12 2024	31/12 2023
	ASSETS		
	Fixed assets		
8	**Intangible fixed assets**		
	Completed development projects	477,892	477,131
	Intellectual property rights	0	0
	Development projects in progress	231,385	255,767
		709,277	732,898
9	**Tangible fixed assets**		
	Land and buildings	1,874	1,874
	Production plant and machinery	971	1,725
	Other fixtures and fittings, tools and equipment	1,078	1,948
		3,923	5,547
10	**Fixed asset investments**		
	Investments in affiliated and associated companies	65,137	69,810
	Other receivables	8,120	7,869
		73,257	77,679
	Total fixed assets	**786,457**	**816,124**
	Current assets		
	Inventories		
	Finished goods and goods for merchandise	**848**	**1,223**
	Receivables		
	Trade receivables	154,088	165,052
	Other receivables	19,347	26,147
11	Deferred tax asset	351	239
12	Accruals and deferred income	125,605	106,942
		299,391	**298,380**
13	**Cash and cash equivalent**	**573,239**	**630,627**
	Total current assets	**873,478**	**930,230**
	TOTAL ASSETS	**1,659,935**	**1,746,354**

Balance sheet – Liabilities

Note	TDKK	31/12 2024	31/12 2023
14	**Equity**		
	Company capital	173,492	173,492
	Reserve for net revaluation under the equity method	12,809	12,151
	Reserve for development costs	553,236	571,660
	Retained earnings	78,829	-10,117
	Total equity	**818,366**	**747,186**
	Provisions		
15	Other provisions	30,145	139,723
	Total provisions	**30,145**	**139,723**
	Creditors		
	Short-term debt		
	Trade payables	116,625	156,913
	Corporation tax	961	1,555
	Other debt	94,908	92,639
16	Accruals and deferred income	598,930	608,338
		811,424	**859,445**
	Total creditors	**811,424**	**859,445**
	TOTAL LIABILITIES	**1,659,935**	**1,746,354**

17 Fee for auditor elected by the general meeting
18 Contractual obligations and contingent liabilities, etc.
19 Related parties
22 Information about events after the balance sheet date

Notes – Balance sheet

8: Intangible fixed assets

TDKK	Finished development projects	Intellectual property rights	Development projects in progress	Total
Cost at 1 January 2024	1,270,677	115,360	256,019	1,642,056
Additions in the year	0	0	205,037	205,037
Disposals in the year	-92,811	0	-252	-93,063
Transfers in the year	229,419	0	-229,419	0
Cost at 31 December 2024	**1,407,285**	**115,360**	**231,385**	**1,754,030**
Depreciation and write-downs at 1 January 2024	-793,546	-115,360	-252	-909,158
Depreciation in the year	-226,108	0	0	-226,108
Carried back depreciation and write-downs on assets sold off	90,261	0	252	90,513
Depreciation and write-downs at 31 December 2024	**-929,393**	**-115,360**	**0**	**-1,044,753**
Carrying amount at 31 December 2024	**477,892**	**0**	**231,385**	**709,277**

Completed development projects

Development costs are capitalised in the balance sheet when they have been incurred for new development of products or improvement of existing products which actually increase the value in use.

The company's capitalised development projects are reviewed regularly for indications of impairment. In such cases, write-down is made at the lower recoverable amount.

The special assumptions on which accounting and measurement of development projects are based relate to the company's specific business model of developing intangible assets only based on specific requests and needs from customers, mainly based on regulatory adjustments.

Notes – Balance sheet

9: Tangible fixed assets

TDKK	Land and buildings	Production plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2024	1,874	18,875	3,259	24,008
Additions in the year	0	12	208	220
Adjustments	0	-3	0	-3
Cost at 31 December 2024	**1,874**	**18,884**	**3,467**	**24,225**
Depreciation and write-downs at 1 January 2024	0	-17,150	-1,311	-18,461
Depreciation in the year	0	-763	-1,078	-1,841
Depreciation and write-downs at 31 December 2024	**0**	**-17,913**	**-2,389**	**-20,302**
Carrying amount at 31 December 2024	**1,874**	**971**	**1,078**	**3,923**

Notes – Balance sheet

10: Fixed asset investments

TDKK	Investments in affiliated and associated companies	Other receivables	Total
Cost at 1 January 2024	57,659	7,869	65,528
Additions in the year	0	251	251
Disposals in the year	-5,331	0	-5,331
Cost at 31 December 2024	52,328	8,120	60,448
Value adjustments at 1 January 2024	12,151	0	12,151
Disposals in the year	-1,124	0	-1,124
Profit for the year	1,782	0	1,782
Value adjustments at 31 December 2024	12,809	0	12,809
Carrying amount at 31 December 2024	**65,137**	**8,120**	**73,257**

Investments in affiliated and associated companies may be specified as follows:	Registered office	Voting rights and owner percentage
JN Data A/S	Silkeborg	17.32%

11: Deferred tax asset

TDKK	**31/12 2024**	**31/12 2023**
Deferred tax asset at 1 January	239	28,103
Downward adjustment of deferred tax	0	-27,869
Upward adjustment of deferred tax	8,713	5
Application of deferred tax	-8,713	0
Other additions	104	0
Exchange rate changes	8	0
	351	239

The company has a non-recognised tax asset related to Denmark of TDKK 63,084 (2023: TDKK 71,797).

Notes – Balance sheet

12: Accruals and deferred income

Accruals and deferred income consist primarily of prepaid costs regarding software and service contracts etc. and salaries.

13: Cash and cash equivalent

TDKK	31/12 2024	31/12 2023
Cash and cash equivalent (balance sheet)	573,239	630,627
Fixed-term deposits (with maturities longer than three months)	-340,161	-200,570
Cash and cash equivalents (cash flow statement)	**233,078**	**430,057**

14: Equity

The company capital consists of 1,734,920 shares of a nominal value of DKK 100 per share. No shares carry special rights.

The company's own shareholdings comprise nominally TDKK 0, corresponding to 0% of the company's total capital.

TDKK	31/12 2024	31/12 2023
The company capital has developed as follows:		
Company capital	**173,492**	**173,492**

15: Other provisions

Other provisions at 31 December 2024 comprise provisions for completion of projects, provisions related to sale of property, provisions related to termination of lease agreements, and severance payments.

TDKK	31/12 2024	31/12 2023
Other provisions	30,145	134,989
Of which with a maturity of more than 12 months	0	4,734
	30,145	**139,723**

Notes – Balance sheet

16: Accruals and deferred income

Accruals and deferred income comprise prepayments received concerning revenue in subsequent financial years.

17: Fee for auditor elected by the general meeting

TDKK	2024	2023
Services		
Statutory audit	1,101	809
Assurance services	1,389	2,045
Other services	362	158
	2,852	**3,012**

18: Contractual obligations and contingent liabilities, etc.

Other contingencies

SDC A/S was the administration company for bilateral agreements on taxation with the Danish companies in the Group until 2020. SDC A/S is jointly and severally liable for tax on the Group's jointly taxed income, etc. The company is also jointly and severally liable for Danish tax at source in the form of dividend tax, royalty tax, and interest tax. Any subsequent adjustments to corporation tax and tax at source may increase the company's liability.

SDC A/S has entered into agreements with service suppliers on provision of services in the IT area with future payment obligations that are not recognised in the balance sheet amounting to DKK 152 million, of which DKK 65 million are with related parties.

SDC A/S has entered into operational lease agreements with future payment obligations not recognised in the balance sheet amounting to DKK 112 million.

Notes – Balance sheet

19: Related parties

SDC A/S' related parties cover:

- The company's management and board of directors and their close relatives.
- Other members of management and their close relatives.
- JN Data A/S (associated company).
- Sparekassen Danmark (controlling interest).
- Sparekassen Kronjylland (controlling interest).
- Lån & Spar Bank A/S (controlling interest).

Transactions with related parties

Transactions with related parties have also included ordinary sale of services and management fee.

TDKK	**2024**
Sale of services	799,656
Receivables (shown in "Trade receivables")	93,131
Prepayments received	288,035
Purchase of services	499,955
Debt (presented in "Trade payables")	18,105
Prepayments made	44,593
Salaries and other staff expenses for other members of management	20,634

Remuneration of the board of directors and the management is shown in note 2.

Statement of changes in equity

TDKK	Company capital	Net revaluation reserve under equity according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2024	173,492	12,151	571,660	-10,117	747,186
Purchase of own shares	0	0	0	-1,895	-1,895
Sale of own shares	0	0	0	1,983	1,983
Depreciation, amortisation and impairment losses and disposals in the year	0	0	-178,353	178,353	0
Development costs for the year	0	0	159,929	-159,929	0
Transferred via net profit distribution	0	1,782	0	69,310	71,092
Sale of shares in associated companies	0	-1,124	0	1,124	0
Equity at 31 December 2024	**173,492**	**12,809**	**553,236**	**78,829**	**818,366**

Accounting practices – Cash flow statement

The cash flow statement shows the company'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 company's cash and cash equivalents at the beginning and end of the year.

The liquidity effect of the purchase and sale of companies is shown separately under cash flows from investing activities. Cash flows from purchased companies are recognised in the cash flow statement at the time of acquisition, and cash flows from sold companies are recognised to disposal.

Cash flow from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year, adjusted for change in working capital and non-cash items in the income statement, such as depreciation, write-downs and provisions. Working capital comprises current assets less current liabilities exclusive of cash and cash equivalents.

Cash flow from investing activities

Cash flows from investing activities comprise payments related to additions and disposals of intangible fixed assets, tangible fixed assets, and fixed asset investments.

Cash flow from financing activities

Cash flows from financing activities include cash flows from the raising and repayment of non-current liabilities and securities as well as ingoing and outgoing payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank that are immediately available to the company and are part of the company’s daily cash resources.

Cash flow statement

Note	TDKK	2024	2023
	Profit for the year	**71,092**	**31,407**
	Cash flow from operating activities before change in working capital	71,092	31,407
20	Adjustments	226,346	317,967
21	Change in working capital	-157,529	-182,621
	Cash flow from primary operating activities	**139,909**	**166,753**
	Ingoing interest payments and similar	7,508	1,412
	Outgoing interest and similar payments	-946	-47
	Corporation tax paid	-4,898	-3,977
	Cash flow from operating activities	**141,573**	**164,141**
	Purchase of intangible fixed assets	-205,036	-238,701
	Purchase of production facilities and machinery	-9	-1,089
	Purchase of other fixtures and fittings, tools and equipment	-208	-948
	Sale of shares in associated companies	6,455	0
	Other receivables	-251	-754
13	Fixed-term deposit	-139,591	-200,570
	Cash flow from investing activities	**-338,640**	**-442,062**
	Shareholders:		
	Purchase of own shares	-1,895	-57,561
	Sale of own shares	1,983	64,169
	Cash flow from financing activities	**88**	**6,608**
	Cash flow for the year	-196,979	-271,313
	Cash and cash equivalents at beginning of year	430,057	701,370
13	**Cash and cash equivalents at year-end**	**233,078**	**430,057**

Notes – Cash flow statement

20: Cash flow statement - adjustments

TDKK	31/12 2024	31/12 2023
Financial income	-7,508	-1,412
Financial expenses	946	47
Depreciation, amortisation and impairment losses including profit and loss on sale	227,949	289,280
Income from equity investments in affiliated and associated companies	-1,782	-1,738
Deferred tax assets	-112	0
Tax on profit or loss for the year	4,304	31,880
Other adjustments	2,549	-90
	226,346	**317,967**

21: Cash flow statement - change in working capital

TDKK	31/12 2024	31/12 2023
Change in inventories	375	-459
Change in receivables	-899	-60,017
Change in other provisions	-109,578	-4,002
Change in trade payables	-40,288	-27,136
Change in other debt	2,269	13,527
Change in accruals and deferred income	-9,408	-104,534
	-157,529	**-182,621**

22: Information about events after the balance sheet date

On 10 February 2025, a merger plan was published, which will be discussed at a future general meeting.

Appendix

to SDC Annual report 2024

SDC's Supplier Code of Conduct

SDC's Supplier Code of Conduct is part of the principles governing SDC's way of controlling suppliers. The Code is presented to SDC's suppliers and SDC expects that they comply with the Code and any relevant and applicable provisions of national law within the jurisdiction in which they operate.

With annual updates and reminders from SDC, suppliers must confirm their continued compliance with the Code. Any non-compliance must be reported to the contact in SDC. In 2024, SDC has not received any communication concerning non-compliance. The supplier is expected to take corrective action to remedy such non-compliance and take appropriate steps to prevent any future recurrence. In order to secure and fulfil SDC's ambitions with the Supplier Code of Conduct, SDC implements concrete actions across SDC's value chain in the monitoring of and follow-up on suppliers.

Anti-Bribery and Anti-Corruption

The supplier shall comply with all applicable laws relating e.g. to anti-corruption, extortion, intellectual property rights and anti-bribery and thereby ensure a high level of integrity.

Human and Labour Rights

Companies should uphold the freedom of association and recognize the right of workers to engage in collective bargaining. Forced labour including child labour is never to be used by the supplier.

Health and Safety

The supplier shall ensure that the workplace is safe, hygienic, and healthy and is responsible for proper training of all its employees.

Conflict of interest

The supplier must not engage in any activity which creates a conflict of interest among SDC employees.

Environmental Protection

The supplier shall continuously strive to minimise the negative impact of its activities on the environment. This includes a proactive and responsible management of environmental aspects. As part of SDC's value chain, the supplier is expected to contribute to SDC's ambition to be carbon neutral in 2029.

Supply Chain Responsibility

It is the responsibility of our suppliers to ensure that SDC's Code of Conduct is enforced throughout whatever part of the value chain they control.

Governance data – Mandatory data points

Disclosure requirement ESRS 2 – GOV-1 – The role of the administrative, management and supervisory bodies

G1.1. 5.a	Disclosure of the role of administrative, management and supervisory bodies in connection with corporate governance is described in SDC's CSR policy in the section dedicated to "General disclosures" starting on page 29.
G1.1.5.b	Disclosure of the expertise of administrative, management and supervisory bodies in relation to corporate governance: Members of SDC's board of directors elected by the Annual General Meeting are CEOs (MDs) of financial institutions in the Nordics. To obtain the role as CEO of a financial institution, it is a requirement that you are approved as "fit and proper". Furthermore, SDC's Senior Management are talented executives with a lot of experience. SDC has a strong focus on IT security, driven by the IT-Security Manager. SDC has an internal system auditor who is approved by the Danish Financial Supervisory Authority. The internal system auditor reports to the chairman of SDC's board of directors and has their own team, which they ensure receives training within this area. SDC has a strong focus on IT security, driven by the IT-Security Manager. SDC also has a Data Protection Officer (DPO). In connection with the CSRD double materiality assessment, SDC has partnered with an external top-4 accounting firm. In 2023, SDC has established an ESG Center of Excellence entrusted to Head of ESG, reporting to the CFO. This inter-organisational unit interacts with the Procurement Manager, Head of Legal & Compliance, Head of People & Culture and the rest of the business.

Disclosure requirement G1-1 – Business conduct policies and corporate culture

G1.1.9	Disclosure of how SDC 1) establishes, 2) develops, 3) promotes and 4) evaluates its corporate culture: As a supplier of critical financial infrastructure in the Nordics, SDC is conscious of its corporate responsibility. In 2023, SDC became a member of the UN Global Compact. The membership is an important continuation of the current ESG foundation as defined in SDC's CSR policy covering the topics of environment and climate, human and labour rights and anti-corruption. SDC supports the United Nation's ten principles in the areas of environment and climate, human and labour rights and anti-corruption as well as the United Nation's 17 Sustainable Development Goals. SDC has zero tolerance with regard to bribery, fraud or other forms of inappropriate business conduct This is communicated in SDC's CSR policy for SDC's employees and in SDC's Supplier Code of Conduct for SDC's suppliers. SDC did not report any whistleblower cases in 2024.
G1.1.10.a	SDC believes that an open and transparent business environment benefits everyone, and SDC has zero tolerance for corruption and bribery, fraud or other forms of inappropriate business conduct. SDC has a whistleblower reporting channel operated by a third party. Reports are received by a third-party, who initially determines whether the report falls within the scope of the whistleblower scheme. The report is reviewed by a third-party and then submitted to the Whistleblower Unit (or an impartial unit or person in SDC who has authority to follow up on the report if the Whistleblower Unit is disqualified due to the content of a specific report). SDC and third parties have a special duty of confidentiality with regard to the reported information and will keep the reports confidential to the greatest extent possible. All investigations of whistleblower reports are conducted in accordance with the Danish Act on Protection of Whistleblowers.
G1.1.10.b	Yes. SDC's anti-bribery policy is consistent with the United Nations Convention against Corruption.

About this section:
SDC's report on Governance data points, including mandatory and voluntary ones, cf. the European Sustainability Reporting Standards, appears on this and the following pages. For reference to the ESRS, see left side of the tables.

Disclosure requirement G1-1 – Business conduct policies and corporate culture (continued)

G1.1.10.c	SDC has safeguards in place for reporting irregularities, including protection of whistleblowers: All reports will be kept confidential. SDC has a non-excludable obligation to protect any person who uses the whistleblower scheme, cf. the Danish Act on Protection of whistleblowers.
G1.1. 10.c.i	SDC's whistleblower scheme (2021) has been established for employees in SDC entities and BtB consultants in SDC and SDC Poland. Reports are processed confidentially. SDC also complies with national legislation in terms of the protection of whistleblowers. There is training of own workers in charge of SDC's whistleblower scheme. Information is provided about SDC's whistleblower scheme, e.g. on SDC's Intranet.
G1.1. 10.c.ii	Protection of whistleblowers is governed by Danish law. SDC did not report any whistleblower cases this year.
G1.1. 10.d	Yes. SDC has a corporate policy for protection of whistleblowers in place.
G1.1. 10.e	Yes. SDC shall investigate incidents related to business conduct promptly, independently and objectively, also according to the Danish Act on Protection of Whistleblowers, to which SDC is subject.
G1.1. 10.e	Yes. SDC has procedures in place to investigate events related to business processes, including corruption and bribery, promptly, independently and objectively.
G1.1. 10.f	SDC does not have a policy for animal welfare.
G1.1. 10.g	Currently, SDC does not have a policy for training of the organisation in business conduct.
G1.1. 10.h	SDC has identified the most vulnerable functions in SDC in relation to corruption and bribery and is aware of this.

Governance data – Mandatory data points (continued)

Disclosure requirement G1-2 – Managing of relationships with suppliers

G1.2. 14	SDC's payment policy in relation to SDC's suppliers is payment within 50 days following receipt of the invoice. For small and medium-sized companies, it will be subject to a case-by-case assessment, taking into account the size of the company.
G1.2. 15.a	SDC's management of relationships with suppliers is, taking into account supply chain risks and impact on sustainability matters, as follows: SDC conducts a thorough due diligence of potential suppliers before signing a contract with a new supplier. As part of due diligence, we obtain information from the supplier related to environmental, social and governance topics, such as carbon footprints, supply chain responsibility, environmental protection, conflicts of interest, human rights and labour. SDC also conducts a supplier audit related to security, operations, GDPR and ESG, where suppliers are required to respond to the topic of supply chain responsibility, among other things.
G1.2.15.b	In relation to how social and environmental criteria are taken into account when selecting contract partners on the procurement side, SDC conducts a thorough due diligence of potential suppliers before signing a contract with a new supplier. This includes requiring the supplier to complete a questionnaire and disclose information related to environmental, social, and governance issues such as carbon footprints, supply chain responsibility, environmental protection, conflicts of interest, human rights, and labour rights.
G1.2. 15.b	Yes. SDC selects a supplier based on compatibility in commercial, security, legal, compliance and behavioural topics. Behavioural topics include compliance with SDC's IT Security Policy, Supplier Code of Conduct and environmental, social and governance issues that were introduced as part of due diligence. SDC's Code of Conduct for suppliers is part of the principles that govern SDC's way of doing business. The Code is presented to SDC's suppliers and SDC expects them to comply with the Code and any relevant and applicable provisions of national law within the jurisdiction in which they operate. With annual updates and reminders from SDC, suppliers must confirm that they continue to comply with the Code of Conduct.

Disclosure requirement G1-3 – Prevention and detection of corruption and bribery

G.1.3. 18.a	Procedures put in place in the SDC to prevent, detect and deal with allegations or cases of corruption and bribery: SDC has zero tolerance with regard to corruption, bribery, fraud, or any other form of inappropriate business conduct. SDC is committed to supporting fair and free competition, complying with all applicable laws and regulations, and working against corruption in all forms. We believe that regular information about guidelines for giving and receiving gifts, acceptance limits for customer and suppliers' hospitality and other incentives to third parties help raise awareness of how we can prevent corruption and bribery in our daily work. To ensure that our stakeholders are able to report breaches of our ethical standards, we have put an effective whistleblower mechanism in place. All reports are kept confidential, they may be submitted anonymously, and we maintain a firm commitment to non-retaliation when it comes to whistleblowers. SDC promotes fair business practices within our company and among the suppliers and partners we work with through our Supplier Code of Conduct, which all SDC employees and suppliers are obliged to adhere to. In addition, the SDC Employee Handbook provides additional practical guidance on ethical behaviour.
G.1.3. 18.b	Yes, the process for SDC's whistleblower scheme ensures that the investigators/investigation committee are separate from the management layers who may be involved in the case.
G.1.3. 18.c	SDC's process for reporting performance to the administrative, management and supervisory bodies is as follows: SDC's whistleblower tool is managed by an external third-party. The whistleblower unit is entrusted with the overall responsibility for the whistleblower scheme in SDC and consists of the CFO, Head of Legal and Head of People & Culture. If the report is related to the whistleblower unit, an external third-party allocated to the task will ensure that the report is forwarded to an impartial person in SDC's management.
G.1.3. 19	As described above, SDC has procedures in place for handling allegations or incidents of corruption or bribery. In 2025, SDC will revisit these with a focus on prevention and discovery within this area.
G.1.3. 20	SDC's CSR policy contains SDC's zero tolerance commitment against corruption and bribery. It applies to all employees in SDC.
G.1.3. 21.a	No training currently offered by SDC. SDC is planning anti-corruption and anti-bribery training with a risk-based approach for senior management and selected department managers, employees and key roles within a one-year timeframe (2025).
G.1.3. 21.b	SDC plans to offer anti-corruption and anti-bribery training in 2025 for various functions in potential danger. SDC plans to have 90% of the exposed functions covered by the end of 2025.
G.1.3. 21.c	SDC is planning anti-corruption and anti-bribery training with a risk-based approach for senior management and selected department heads, employees and key roles within a one-year timeframe (2025). Anti-corruption and anti-bribery training is currently not offered by SDC.

Governance data – Mandatory data points (continued)

Metrics and targets

AR.8	SDC is planning anti-corruption and anti-bribery training with a risk-based approach for senior management and selected department heads, employees and key roles within a one-year timeframe (2025). The classic topics of anti-corruption will be covered. Anti-corruption and anti-bribery training is currently not offered by SDC.

Disclosure requirement G1-4 – Incidents of corruption or bribery

G.1.4. 24.a	0 = No fines for violating anti-corruption and bribery laws.
G.1.4.24.a	0 = No number of convictions for violating anti-corruption and bribery laws.
G.1.4.24.b	SDC has zero tolerance for corruption and bribery. This is communicated in SDC's Corporate Social Responsibility Report, CSR policy and in-house. SDC is committed to the UN Global Compact's 10 principles. This commitment is also communicated as part of onboarding for new employees at SDC.

Disclosure requirement G1-6 – Payment practices

G.1.6.33.a	On average, payment of an invoice takes 45 days from the date on which the contractual/statutory payment deadline starts to run.
G.1.6.33.b	50 days. SDC's payment policy in relation to our suppliers is payment with 50 days following receipt of the invoice. In the case of small and medium-sized companies, it will be subject to a case-by-case assessment. 40% of payments comply with these standard terms and conditions.
G.1.6.33.c	0 = No pending proceedings due to late payments.
G.1.6.33.d	SDC's payment policy in relation to our suppliers is payment with 50 days following receipt of the invoice.

Governance data – Voluntary data points

Disclosure requirement G1-1 – Business conduct policies and corporate culture

G1.1. 10.d	Yes.	SDC has a whistleblower scheme that allows employees to express their views and observations. SDC has a completely binding obligation to protect any person who uses the whistleblower scheme.
G1.1.11	Yes.	Protection of whistleblowers is governed by Danish law (national legislation transposing Directive (EU) 2019/1937).

Disclosure requirement G1-3 – Prevention and detection of corruption and bribery

G1.3. 18.b	Yes.	SDC's whistleblower scheme is operated by PwC. The whistleblower unit in SDC is responsible for the whistleblower scheme in SDC and is managed by the CFO, Head of Legal and Head of People & Culture. If a report is related to someone from SDC's whistleblower scheme, the report is forwarded to an impartial person in SDC's management.

Disclosure requirement G1-4 – Incidents of corruption or bribery

G1.4. 25.a	0	No confirmed incidents of corruption or bribery in SDC.
G1.4. 25.b	0	No confirmed incidents whereby own workers were dismissed or disciplined for corruption or bribery-related incidents.
G1.4. 25.c	0	No confirmed incidents related to contracts with trading partners that were terminated or not renewed due to violations related to corruption or bribery.
G1.4. 25.d	0	No public proceedings relating to corruption or bribery initiated against the company and its own workers during the reporting period and the results of such proceedings.

Governance data – Voluntary data points (continued)

Disclosure requirement G1-5 – Political influence and lobbying activities

G1.5. 29.a	-	SDC has no lobbying activities or activities in connection with political influence.
G1.5.29.b.i	0	SDC has not provided any financial and political contributions in kind by country.
G1.5. 29.b.i	0	SDC has not provided any financial and political contribution.
G1.5. 29.b.i	0	SDC has not provided any financial and political contributions in kind by geographical area.
G1.5. 29.b.i	0	SDC does not provide any political contributions in kind.
G1.5. 29.b.i	0	SDC has not made any political commitment.
G1.5. 29.b.ii	0	No contributions in kind, so no estimates.
G1.5. 29.b	0	Details about financial or political contributions in kind.
G1.5. 29.c	0	No lobbying activities and thus no main items.
G1.5. 29.d	No	SDC is not registered in the EU Transparency Register or in any similar transparency registers in a member state.
G1.5. 30	0	No appointment of members of administrative, management and supervisory bodies who held an equivalent position in public administration for two years prior to their appointment.
G1.5. AR.12.a	0	SDC has no internal and external lobbying expenses.
G1.5. AR.12.b	0	SDC has not given any funds to lobby associations for membership.
G1.5. AR.13	No	SDC is not legally obliged to be a member of a Chamber of Commerce or other organisation representing its interests.

SDC's management

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CEO

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Finance &
Business Support

Stig Valderhaug
Sales, Customer
Engagement
& Shared Services

Marianne Nielsen
Operation & Infrastructure
Service

Morten Vestergaard
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Hilde Seljom
Advisory &
Sales Banking

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Core Platforms &
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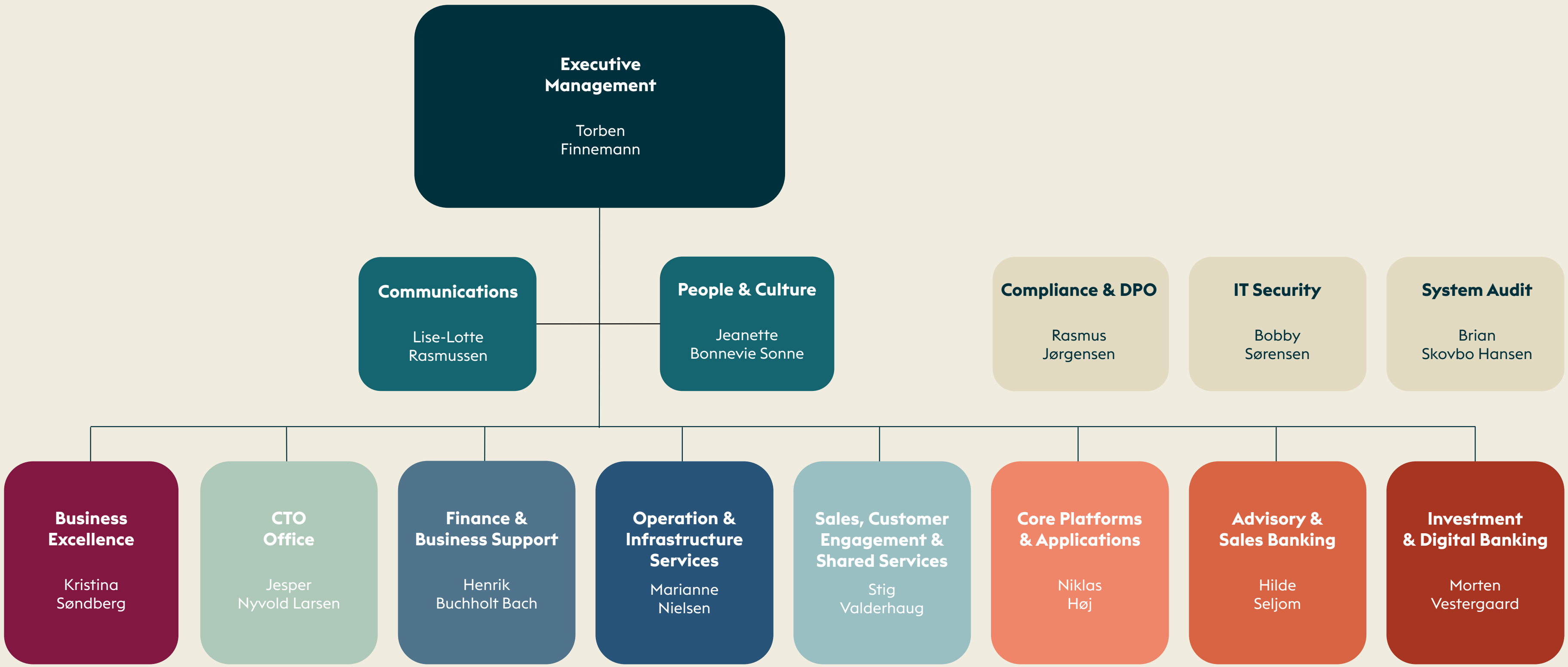
CTO Office



SVANEMÆRKET
Tryksag
5041 0504

MIX
Papir | Støtter ansvarligt skovbrug
FSC® C016433

Published by SDC A/S
May 2025
Design: Per Christiansen Design
Printers: Dystan & Rosenberg
Photos: iStockphoto & Getty Images

SDC

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