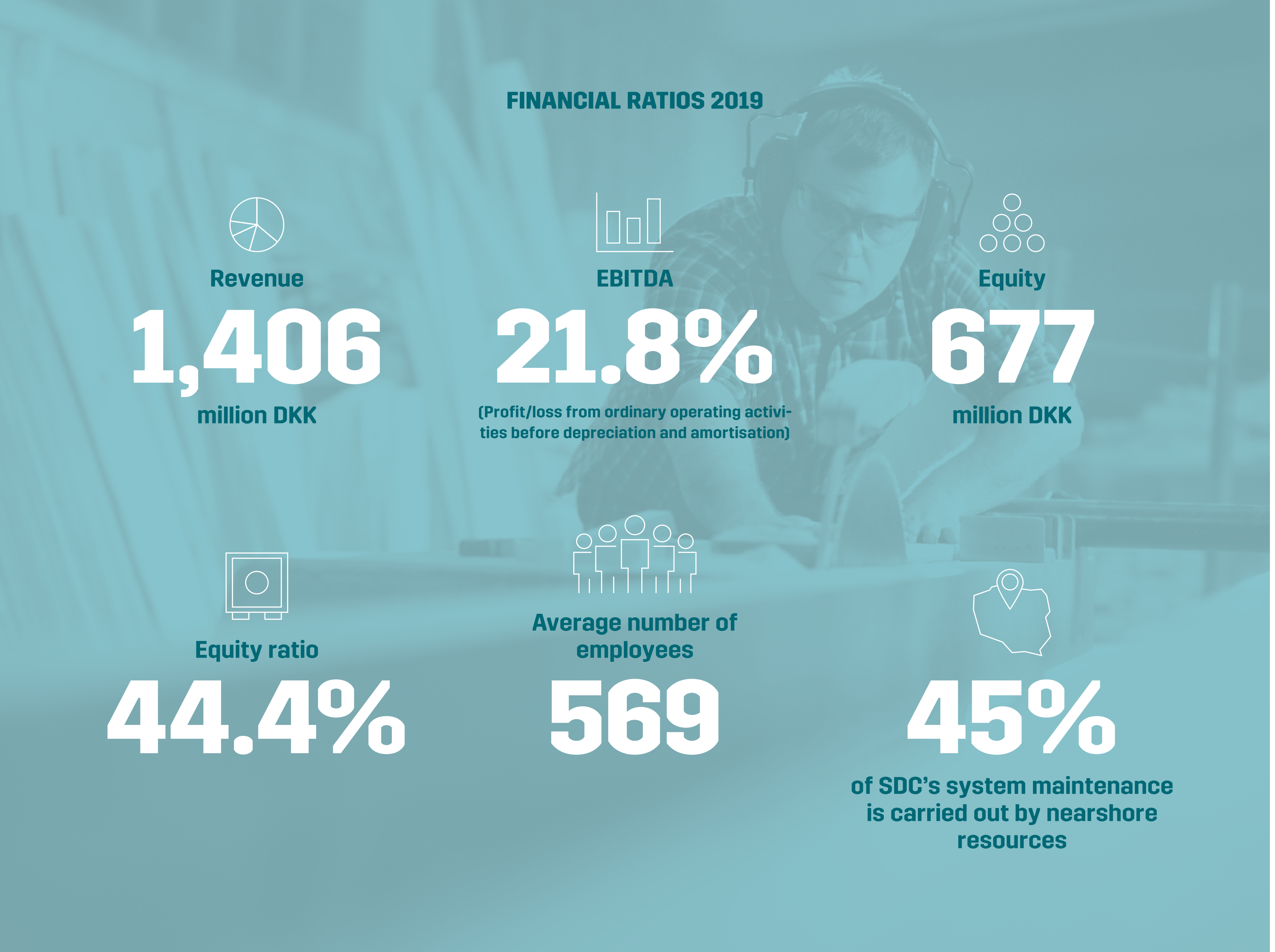
SDC A/S • CVR No. 16 98 81 38 • Borupvang 1A • DK-2750 Ballerup • Financial year 1 January - 31 December

VISION

To offer our customers and their clients a great banking experience at a competitive price.

A great banking experience at a competitive price


FINANCIAL RATIOS 2019
Revenue
1,406
million DKK
EBITDA
21.8%
(Profit/loss from ordinary operating activities before depreciation and amortisation)
Equity
677
million DKK
Equity ratio
44.4%
Average number of employees
569
45%
of SDC's system maintenance is carried out by nearshore resources

CONTENTS

COMPANY INFORMATION

SDC
Borupvang 1A, DK-2750 Ballerup
Tel: +45 44 65 71 11
Web: www.sdc.dk
E-mail: sdc@sdc.dk
CVR no.: 16 98 81 38
Registered office: Ballerup, Denmark

Financial year: 1 January - 31 December

AUDITORS
PricewaterhouseCoopers Statsautoriseret
Revisionspartnerselskab
Strandvejen 44, DK-2900 Hellerup

GENERAL MEETING
The ordinary general assembly will be held on 6 May 2020

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today considered and approved the Annual Report of SDC A/S for the financial year 1 January - 31 December 2019.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements and the consolidated financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's and the Group's operations and the Group's cash flows for 2019.

We believe that the Management Commentary contains a fair review of the matters and conditions referred to therein.

The Annual Report is recommended for approval by the Annual General Meeting.

Ballerup, 2 April 2020

EXECUTIVE BOARD

Jesper Scharff
(Managing Director)

BOARD OF DIRECTORS

Klaus Skjødt
(Chairman)

Sverre Vigleik Kaarbøe
(Deputy Chairman)

John Christiansen
(Deputy Chairman)

Hans Nelfelt

Árni Holger Ellefsen

Vagn Hansen

Rolf Endre Delingsrud

Lars Blaabjerg Christensen

Kim Rosenberg Hansen
(Employee Representative)

Ole Kynhæb
(Employee Representative)

Lars Ravn
(Employee Representative)

INDEPENDENT AUDITOR'S REPORT

To the shareholders in SDC A/S

OPINION

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2019, and of the results of the Group's and the Company's operations, and the Group's cash flows for the financial year 1 January - 31 December 2019, in accordance with the Danish Financial Statements Act.

We have audited the consolidated financial statements and the financial statements of SDC A/S for the financial year 1 January - 31 December 2019, which comprise the Income Statement, Balance Sheet, Statement of changes in equity and notes, including accounting policies, for both the Group and the Company, as well as a cash flow statement for the Group ("the financial statements").

BASIS OF OPINION

We have carried out our audit in accordance with international standards on auditing and additional requirements applicable in Denmark. Our responsibility under these standards and requirements are described in detail in the paragraph "Auditor's responsibilities for the audit of the financial statements" in the auditor's report. We are independent of the Group in accordance with international ethics standards for auditors (IESBA's ethics standards) and the additional requirements applicable in Denmark, and we have fulfilled all our other ethical obligations under these rules and requirements.
In our view, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the Management Commentary.

Our opinion on the financial statements does not cover the Management Commentary, and we do not express any form of certain conclusion thereon.

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

Moreover, our responsibility is to consider whether the Management Commentary provides the information required under the Danish Financial Statements Act.

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and annual financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes an 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 made 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 and the Group to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence for the financial disclosures for the companies or the business activities in the Group to be used to express an opinion on the consolidated financial statements. We are responsible for managing, supervising and conducting the Group audit. We have sole responsibility 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.

Hellerup, 2 April 2020

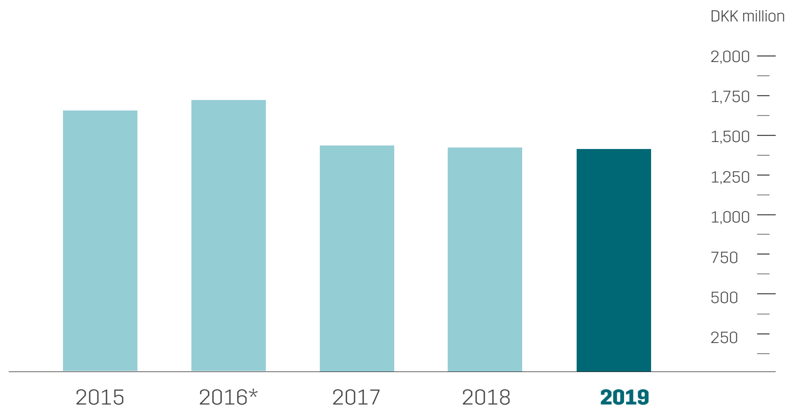
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
CBR no.: 33 77 12 31

Kaare von Cappeln
State-authorised public accountant
mne11629

Jakob Thisted Binder
State-authorised public accountant
mne42816

FINANCIAL HIGHLIGHTS

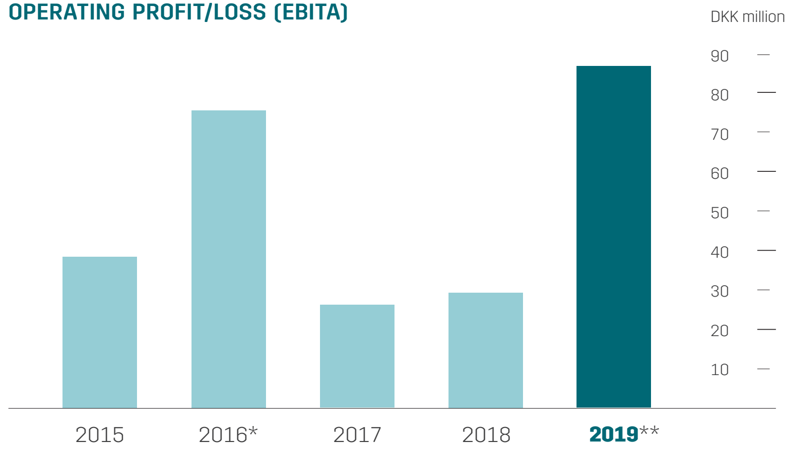
REVENUE



Growth rate YOY: 13% 4% -16% -1% -1%

* Revenue and profit were affected extraordinarily by withdrawal amounts in 2016.

OPERATING PROFIT/LOSS (EBITA)



** Profit was affected extraordinarily by profit on sale of SDC's domicile in 2019.

The financial ratios have been prepared in accordance with the recommendations and guidelines of CFA Denmark.

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

EBITDA $$\frac{\text{Gross profit exclusive of staff expenses x 100}}{\text{Revenue}}$$

Profit margin $$\frac{\text{Profit/loss before financial income and expenses, net} \times 100}{\text{Revenue}}$$

Return on capital employed $$\frac{\text{Profit/loss before financial income and expenses, net} \times 100}{\text{Total assets}}$$

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

Return on equity $$\frac{\text{Income or loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Net asset value per share $$\frac{\text{Equity} \times 100}{\text{Share capital}}$$

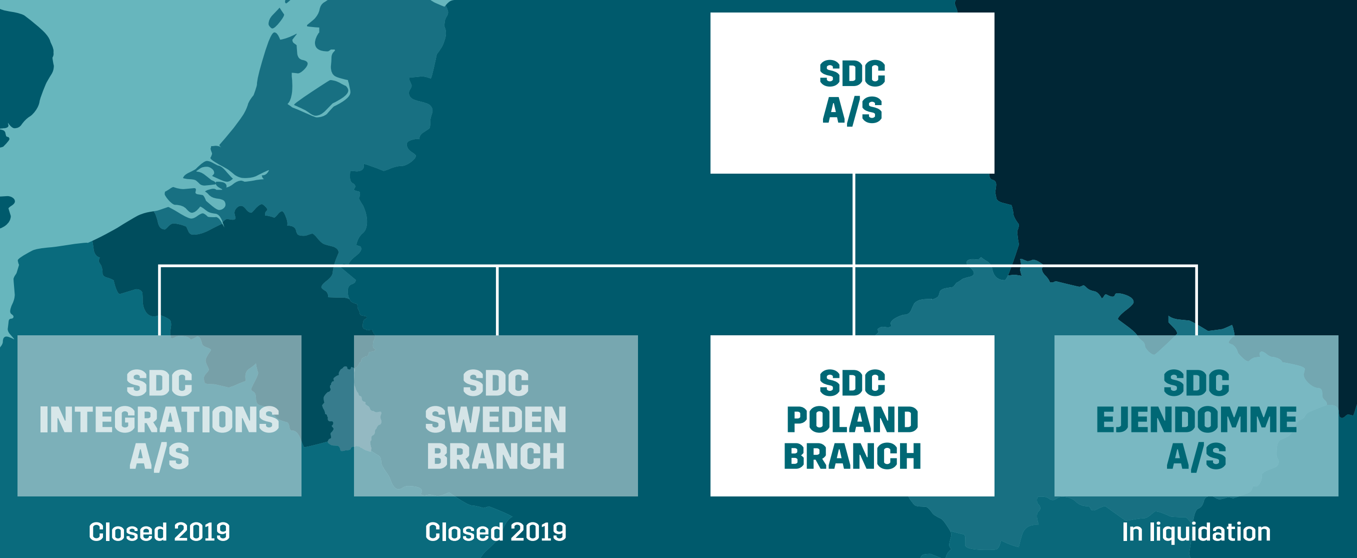
Financial highlights

Over a 5-year period, the development of the Group may be illustrated by the following financial highlights:

	Group				
DKK thousand	2019	2018	2017	2016	2015
Profit/Loss					
Revenue	**1,406,209**	**1,417,858**	**1,429,136**	**1,703,623**	**1,637,150**
Profit/loss from ordinary operating activities before depreciation and amortisation (EBITDA)	**307,123**	**280,908**	**237,939**	**286,552**	**268,162**
Profit/loss from operating activities before impairment losses (EBITA)	**86,013**	**29,394**	**26,012**	**75,213**	**39,120**
Profit/loss from financial income and expenses, net	-10,607	-2,321	-7,905	-5,749	-17,247
Profit/loss for the year	12,145	5,581	4,353	46,660	10,701
Balance sheet					
Balance sheet total	1,524,788	1,658,838	1,607,280	1,608,772	1,604,663
Capitalised development costs	827,536	820,153	779,600	643,668	646,593
Equity	**676,465**	**655,117**	**664,665**	**642,075**	**584,462**
Cash flows					
Cash flows from:					
- operating activities	319,224	295,715	232,353	251,967	367,212
hereof, investments in tangible fixed assets	391,353	-10,209	-2,063	-10,676	-38,583
Financial ratios in %					
Profit margin	1.9%	0.6%	1.1%	3.8%	2.0%
Return on capital employed	1.7%	0.5%	0.9%	4.0%	2.0%
Equity ratio	44.4%	39.5%	41.4%	39.9%	36.4%
Return on equity	1.8%	0.8%	0.7 %	7.6%	1.9%
Equity value per share (DKK)	**390**	**387**	**384**	**374**	**371**
Average number of employees	**569**	**568**	**602**	**638**	**607**

The financial ratios have been prepared in accordance with the recommendations and guidelines of CFA Denmark. Reference is made to the definitions in the section on accounting policies. In 2018, a few items in the income statement have been reclassified between "Revenue" and "Other operating income". No adjustment of financial ratios for financial years 2015 and 2016 has been made.

GROUP STRUCTURE



In addition to the above companies, the Group has registered a branch in Norway, SDC-Norway. This branch, which currently has no activity, is registered in the Central Coordinating Register for Legal Entities (Enhetsregisteret) with Organisation no. 812 774 352.

SDC A/S is the parent company of the Group. The Group's main activities comprise development, maintenance and joint purchase of IT systems and related services for more than 120 banks in the Nordic countries. IT operation services also form part of the Company's core deliveries. These services are outsourced to JN Data A/S, of which SDC is co-owner.

In 2019, the SDC Group had activities in Denmark, Sweden and Poland and customers in Denmark, Norway, Sweden, the Faroe Islands and Finland.

In 2019, several changes were made to the Company's group structure.

- At 1 January 2019, SDC Integrations A/S merged into SDC A/S via a vertical merger. All activities and employees were transferred to SDC A/S.
- SDC A/S' branch in Sweden was closed and all activities and employees were transferred to SDC A/S as at December 2019. This change has no effect for the Company's customers as they were already serviced by SDC A/S.
- Additionally, the Company has initiated liquidation of SDC Ejendomme A/S. This change was completed after completion of the sale of SDC A/S' domicile at 1 November 2019. The sale of SDC A/S' domicile was completed as an active trade. All activities in SDC Ejendomme A/S related to SDC A/S' domicile, for which reason, closure of the real estate company is a natural consequence of the sale.

The changes in the group structure support SDC A/S' intentions to optimise the internal group structures and operations and to simplify the interfaces between SDC A/S' customers and SDC A/S. The changes mean that from 2020, SDC A/S will only be composed of SDC A/S and the Company's branch in Poland.

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 INTEGRATIONS A/S
Main activity: IT development
Geography: Denmark (Ballerup)
CVR no.: 13 91 23 35
Merged into SDC A/S at 1 January 2019

SDC SWEDEN BRANCH
Main activity: IT operation, system maintenance and development
Geography: Sweden (Helsingborg)
Org. no.: 516410-0660
Closed at year-end 2019

SDC EJENDOMME A/S
Main activity: Property renting to SDC A/S and external
Geography: Denmark (Ballerup)
CVR no.: 31 62 97 64
In liquidation

Did you know that…

45%

of SDC's system maintenance is carried out by SDC Poland Branch as at year-end 2019

REPORT

WELL PREPARED FOR THE FUTURE

A key prerequisite for being able to develop a business is that the fundamental processes and tools are in place. For SDC and SDC's customers, it means in particular that the IT basis, in the form of system solutions and technical infrastructure, is stable and flexible – and affordable. The strong focus on this area remained in 2019, where continuous innovation and streamlining has led to high quality of operational management and prices remaining low. The traffic from bank and self-service apps increases considerably from one year to the next without experiencing a proportionate increase in the banks' costs for operational management from SDC. Today, the banks have almost twice as many transactions per Danish krone as were processed in 2013.

Stable systems give the organisation peace of mind so it may focus more on the development of new systems, thus ensuring SDC's ongoing level change within all strategic and essential business areas. A level change which helps promote the bank's future competitiveness. SDC has thus in recent years, amongst other things, given the fields of advising and compliance a considerable boost, just as the consolidation of the general field of self-service is well under way.

Within advisory services, the Danish SDC financial institutions have now fully deployed the Advisor platform and thus presumably have the best advisory solution on the market at hand. This is a solution which contributes to streamlining internal processes in the bank and improves the customer experience and quality when advising customers in general. In 2019, the advisor universe, including Advisor, was also expanded with the first components for processing mortgage loans from Totalkredit, and this is further increasing the possibilities of 360° advising of customers.

Compliance is an area which, due to new regulations and rules, is constantly changing. Efficient system support may relieve the burden of too much administration on the banks. SDC and the banks have joined forces to secure ongoing funding for a level change in this area where older systems are replaced by new solutions. The SDC banks are in a strong position in relation to compliance and in the new solutions, they have found a solid basis to meet current and future requirements.

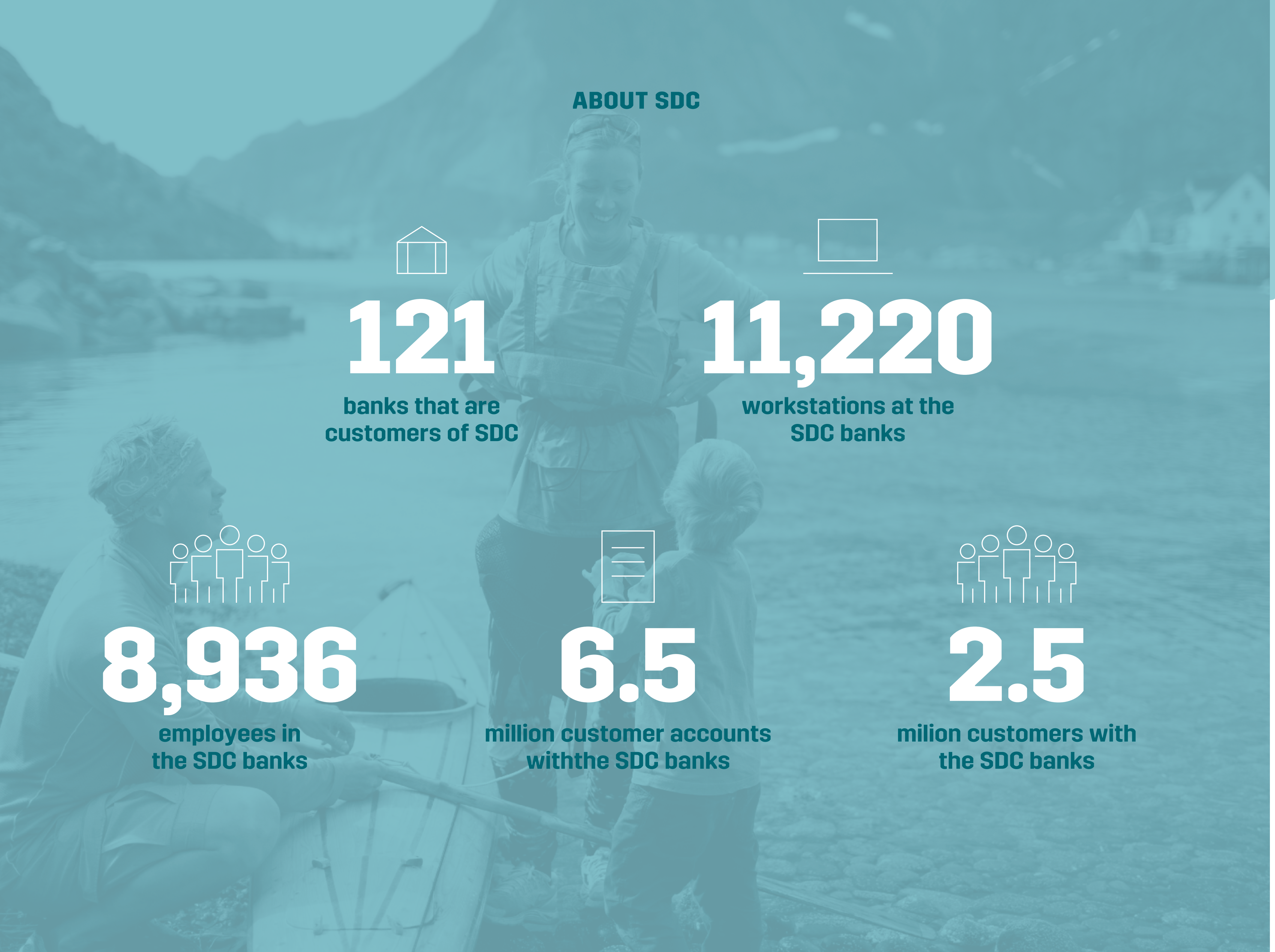
If you want to be in a strong position as a bank in terms of serving your customers, it is becoming ever more important that the customers can access the bank's services 24/7, irrespective of location. The SDC banks have therefore launched a strategic and essential project on the self-service solutions their customers are offered. The final outcome is a brand new internet and mobile banking solution for private customers and business customers alike. In 2019, the first solutions were provided in the form of, among other things, the 'My Money' App and a new solution for digital onboarding of new customers with the bank.

Overall, the SDC banks have increased their investment in digital solutions in recent years. A strategic and essential decision which leads to new and more efficient solutions, helping to improve the customer experience and ensure more efficient processes. The SDC banks are well prepared for the future.

Did you know that...

5 out of 10

Danish banks with the highest score on customer satisfaction are SDC banks



ABOUT SDC

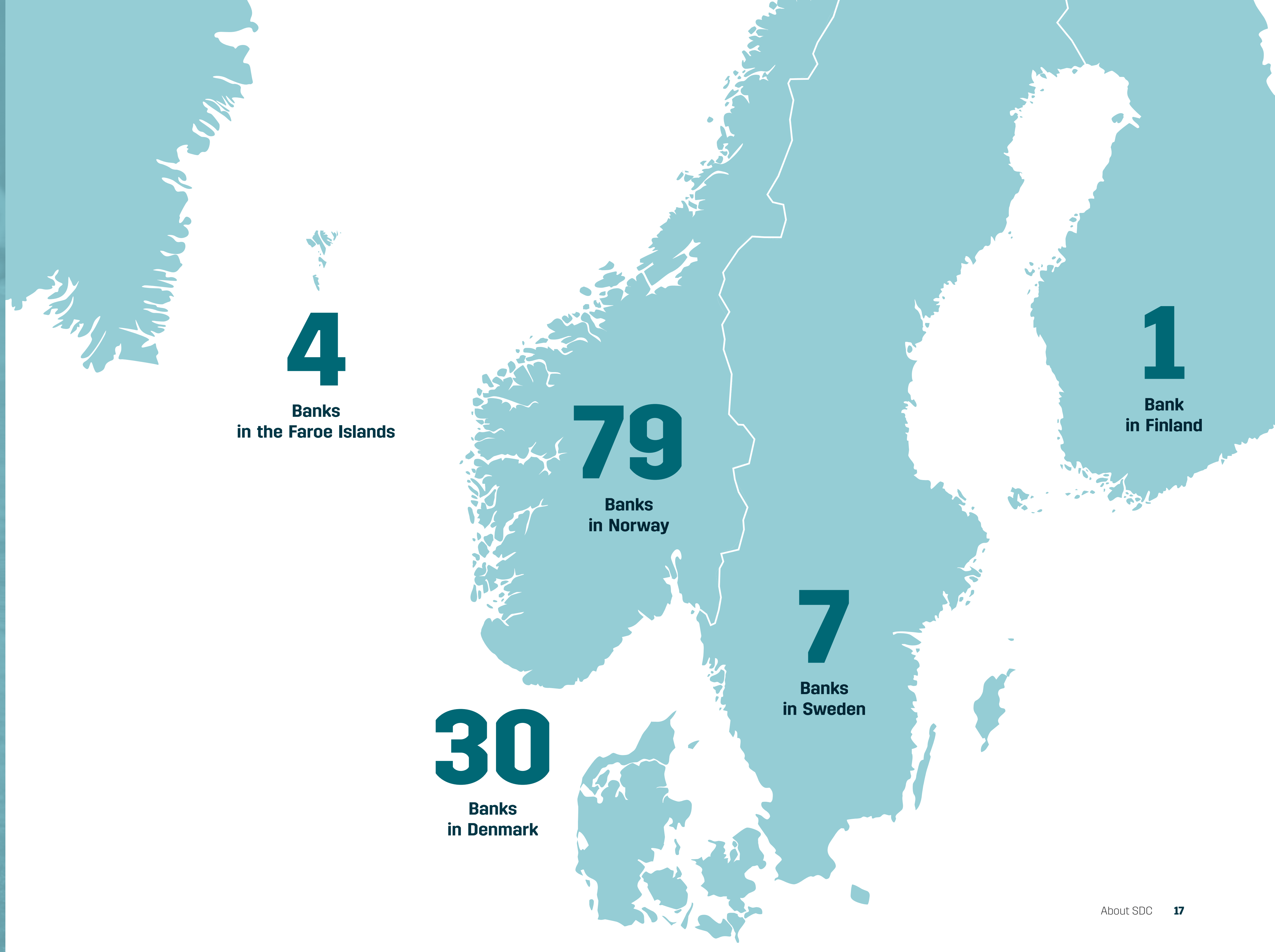
121
banks that are customers of SDC

11,220
workstations at the SDC banks

8,936
employees in the SDC banks

6.5
million customer accounts withthe SDC banks

2.5
milion customers with the SDC banks



CUSTOMERS AND MARKET

In 2019, SDC's ambition to provide positive banking experiences at competitive prices has once more brought positive results with the generation of new customers at a considerably higher growth rate than our competitors in the Nordic market. As many as 21 banks have chosen to become a SDC customer over the past six years – the great majority of which joined as shareholders and co-owners.

SDC thereby consolidates its position in the Nordic market as an attractive IT partner for small and medium-sized banks. The SDC model which focuses on joint IT development, economies of scale, standardisation and price-efficient solutions is in line with the needs of the target group and helps strengthen the competitiveness of the banks.

The inflow of new customers takes place primarily from Norway but a new Danish bank, Facit Bank A/S, chose SDC as IT provider in 2019. In the Norwegian market, the consolidation of the sector which gained momentum in 2017 continues. Mergers typically take place between SDC banks, which means that SDC maintains its revenue from the relevant banks. At the end of 2019, 121 banks in Denmark, Norway, Sweden, the Faroe Islands, Greenland, and Finland were customers of SDC. The consolidation in the sector, and not least in Norway, is expected to continue in the coming years.

A common feature of the banks in SDC's customer group is that they want to be close to their customers and provide personal consultancy services, often based on a strong local or regional commitment and profile.

In addition, there is a trend in the market for the classical national banks with a broad product range to be supplemented by niche banks with a narrow and specialised product offering aimed at limited customer requirements and segments.

Many of these niche banks work across the Nordic countries, which makes SDC a very attractive partner. As one of the only suppliers on the market, SDC's systems and operating environments support banks seeking to carry on business in and across all the Nordic countries.

In addition to increasing the volume and the related economies of scale for all SDC customers, the new niche banks also add new aspects to the requirements for IT support of products and processes. New customers with new needs also means new solutions supporting the development and competitiveness of all SDC customers.

The share of pan-Nordic system development has increased further in 2019. 74% of SDC joint development in 2019 is pan-Nordic development. It contributes to price-effective solutions and lower IT costs for the individual bank.

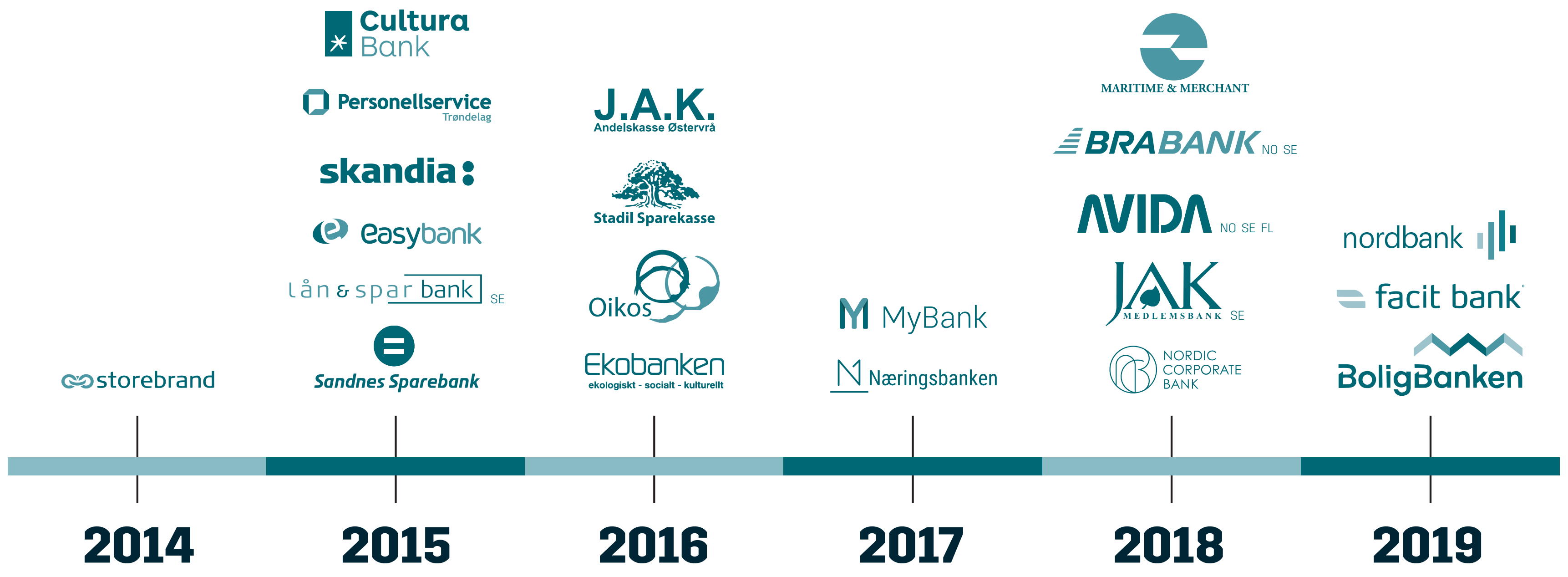
Pan-Nordic development

Most of SDC's system development is for use across SDC's Nordic banks. This keeps the costs of the individual bank at the lowest possible level, since the costs of pan-Nordic system development may be shared by all 121 SDC banks. In 2019, pan-Nordic system development accounted for 74% of SDC's total joint development.

	2015	2016	2017	2018	**2019**
Pan-Nordic development	69%	71%	71%	72%	**74%**

New customers

SDC has welcomed 21 new banks throughout the Nordic region since 2014.



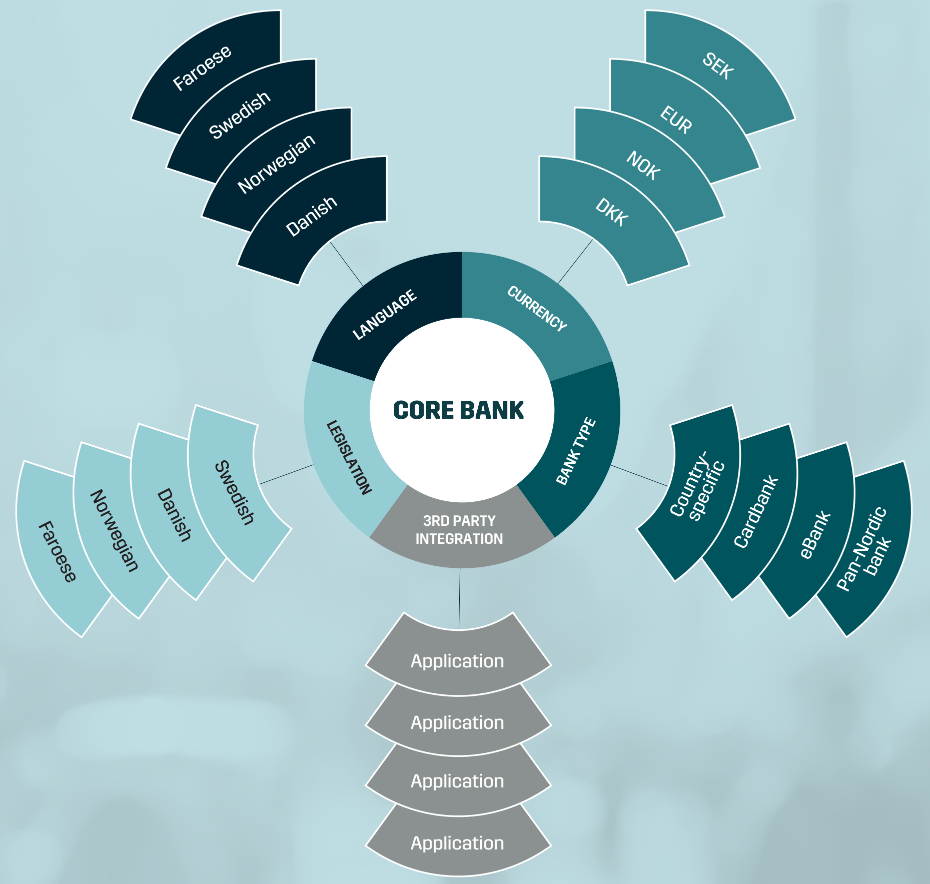
In addition to joint development, SDC carries out an increasingly large number of commercial projects for individual or a group of banks. In a market where the banks pursue different strategies and business models, it is of great importance that SDC can supplement joint development with development supporting the individual needs of the individual banks. The individual development takes place according to price and connection models that support the possibilities for economies of scale and cost distribution.

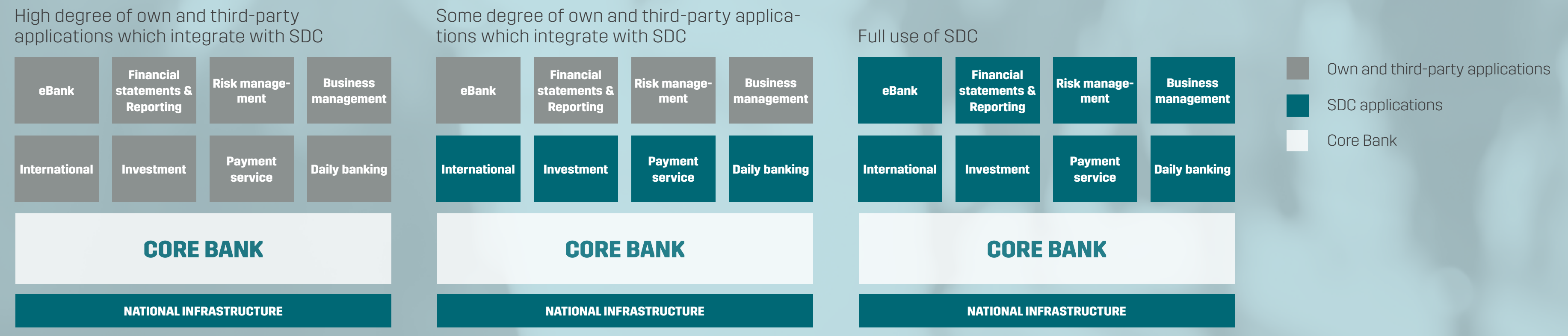
SDC is focused on keeping up to date on the situation of banks and the associated IT needs. This will take place, among other things, through a number of fora, which will be adjusted continuously to the current possibilities and needs of the banks as well as SDC.

Flexible system design

A flexible modular system portfolio with open standardised interfaces ensures that the individual bank is able to tailor its IT platform to its own business profile. In this way, the advantages of economies of scale are combined with shared solutions with individual freedom of choice.

The solution is based on a modern, pan-Nordic Core Bank platform onto which business applications and services from SDC, third-party providers or the bank itself are added.





HIGHLIGHTS FROM 2019

SDC concludes agreement with NNIT on new workstation concept for SDC's customers, Future Workplace

Norwegian startup NordBank selects SDC as IT supplier

First Norwegian banks on SDC's platform for Capital Market, Opics

Agreement with Letpension on integration of Letpension in Advisor Pension

More than 35 banks now use SDC Business Service for accounting assistance, Core customisation, etc.

Danish banks and Norwegian Storebrand Bank goes live with Apple Pay

Danish banks start reporting for the central bank's new credit register using SDC solution

Swedish JAK Medlemsbank AB and Norwegian Nordic Corporate Bank goes live on SDC's systems

New asset management system Portman fully implemented

Norwegian startup, Nordic Corporate Bank goes live with SDC as IT supplier

Advisor Kredit fully deployed in Danish banks

Apple Pay for Faroese banks

Restructuring of Totalkreditlån integrated in housing universe in SDC's systems

SDC sells domicile to Ekistics Property

The SDC banks now offer their customers Google Pay

Finnish version of Kernesystemet commissioned

New Danish bank, Facit Bank A/S goes live with SDC as IT supplier

SDC concludes agreement with Swedish TINK for view of accounts, etc. across the customer's banks

New Norwegian bank Boligbanken selects SDC as IT supplier

CORPORATE SOCIAL RESPONSIBILITY

SDC'S CONTRIBUTION TO SOCIETY

As a player in a critical financial infrastructure in the Nordics, SDC highlights the importance of maintaining a high degree of confidence in SDC in the surrounding society, including to support SDC's customers doing their banking with a high degree of confidence and in compliance with the statutory requirements and related reporting to the authorities in the countries where SDC and SDC's customers operate.

SDC runs its business in a mature and regulated sector offering services to customers that are themselves subject to strict regulation and attention. Like SDC's customers, SDC is subject to supervision by the Danish Financial Supervisory Authority, the Norwegian Financial Supervisory Authority, and the Swedish Financial Supervisory Authority as well as self-check through internal and external system audits.

In the structuring of the work towards CSR, SDC leans on the UN's Sustainable Development Goals (SDGs) with a particular focus on the following goals:

- *SDG 8* – Promote sustainable and inclusive economic growth, full and productive employment and decent work for all.
  - *Target 8.3* – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
  - *Target 8.10* – Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
- *SDG 10* – Reduce inequality in and between countries.
  - *Target 10.5* – Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

The day-to-day CSR efforts are supported by an overall CSR strategy comprising a risk assessment and policies covering social aspects and human resources, respect for human rights and anti-corruption and bribery.

DIRECT AND INDIRECT TAXES

Another important contribution to society is the financial value which SDC generates every year through payments of direct and indirect taxes, primarily in Denmark, but also in Sweden and Poland. It is SDC's policy to report all direct and indirect taxes in accordance with the legislation and pay them in a timely manner and based on realised figures.

The distribution of tax payments between the individual countries is based on SDC Transfer Pricing Policy, which regulates the distribution of tax payments relative to the activity in the individual enterprises and countries from a number of objective criteria. Our desire is to be transparent about the Company's direct and indirect tax payments.

SDC has no activities in locations categorised as "tax havens", and SDC is not involved in tax evasion of any kind.

RISK ASSESSMENT

In 2019, SDC updated its risk assessment in relation to the areas within corporate social responsibility.

SDC has always been, and continues to be, compliant with current legislation on environment and climate. Following SDC's business model, where the group has no production or other resource-intensive activities, SDC finds that SDC has no adverse impact on the environment or the climate as such. SDC's Management has thus decided not to provide a policy for environment and climate but to monitor the need to maintain such a policy on an annual basis.

Did you know that ...

42%

of the SDC banks' customers are under 35 years of age

SDC settled direct and indirect taxes

DKK (million)	**2019**	2018
Corporation tax	**3.882**	1.186
Property taxes	**4.815**	4.809
Taxes levied on behalf of the state (PAYE tax, Labour Market Contribution and the Danish Labour Market Supplementary Pension, ATP)	**160.846**	157.848
Payroll tax	**61.805**	59.653
VAT	**40.714**	42.397
Green taxes	**0.033**	0.005
Total	**272.095**	265.898

Primary environmental impacts are generated by SDC's IT-based solutions and the energy consumption related to the operation of buildings for SDC's HR offices.

The operation of IT solutions is outsourced to JN Data A/S. JN Data A/S is responsible for ensuring that servers and other operation equipment comply with environmental standards in force from time to time. As sub-supplier to SDC, JN Data A/S is subject to SDC's Code of Conduct as regards deliveries to SDC.

As regards building operations, SDC sold its domicile at the end of 2019 and now rents the previously owned premises. Therefore SDC has not, to the same extent as before, control of e.g. procurement of utilities, but it will continue to try to affect these indirectly in its role as tenant.

HUMAN RESOURCES

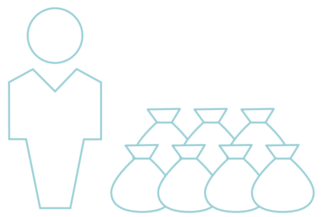
It is important for SDC to be an attractive workplace where employees are treated with respect and without any form of discrimination. SDC therefore supports the Core Conventions of the UN's International Labour Organisation (ILO), including labour rights and gender equality which are also specified in UN's Sustainable Development Goals.

SDC considers its employees – both its own and contract staff – and suppliers as being essential for its business. Respect for human rights across the Company's activities and locations is therefore of utmost importance, just as decent working conditions, respect for collective agreements, minimum pay, etc. are rooted in the Company's policies, including our supplier Code of Conduct. When using external labour, SDC recognises that there might be a minimal risk that the working conditions fail to meet SDC's standards.

RESPECT FOR HUMAN RIGHTS

All SDC's existing and new suppliers have been informed of our Code of Conduct which is expected to be complied with in addition to both local and international legislation concerning minimum pay, pensions payment, overtime payment, etc. When contracts are concluded with new suppliers, our Code of Conduct constitutes an important annex which, amongst other things, requires that suppliers do not use child or forced labour and do not discriminate on the basis of race, gender, ethnicity, health status, age, nationality, political opinion, religion or the like. FInally, SDC's Code of Conduct states that no supplier make unjust deductions from employees' pay, that the suppliers recognise their employees' right to freedom of organisation and that collective agreements are respected.

Did you know that...



in 2019, SDC settled

DKK 272 million

in direct and indirect taxes

SDC uses many BtB employed staff, in particular in Poland. Consequently, it follows from the Company's Code of Conduct that all suppliers must draft employment contracts to the employees in compliance with local legislation regarding pay, pension and overtime work, if any.

DATA SECURITY

In addition to SDC's efforts to ensure decent working conditions among suppliers, SDC has the great responsibility as data owner and data processor of sensitive data of ensuring proper handling of personal data. SDC has therefore since 2017 worked towards ensuring that SDC meets the requirements of the General Data Protection Regulation (GDPR), both as processors for SDC's customers and as controller for its own employees. The effects of this were audited in 2018 and 2019 (ISAE 3000 statement) and the opinions were that SDC has created a good governance structure and security in connection with processing of personal data.

In 2019, SDC received an audit report from JN Data's auditors aimed at the role of the processor. This audit of JN Data has not disclosed any conditions which dissuades SDC from future cooperation with JN Data.
Further, it is important for SDC that the customers can do their banking with a high degree of confidence and without operational breakdowns. We have therefore established a strong IT security policy which controls SDC's IT environment based on a risk management process under ISO 27005 which intends to reduce the risk of personal data breach.

Moreover, SDC still participated in Nordic Financial CERT in 2019, which is a Nordic sector co-operation that provides protection from and collects knowledge about cyber attacks against financial institutions. The co-operation gives SDC and its customers more detailed insight into the current, operational threat scenario against the Danish and international financial sector. Further, SDC has ensured that it has insurance-related access to specialists within cyber attack handling.

As an integral part of SDC's IT security culture, all SDC's employees undergo a mandatory annual Security Awareness Training Program.

BUSINESS ETHICS AND ANTI-CORRUPTION

SDC does not accept any forms of bribery. We find that an open and transparent business climate is beneficial to all players in our business.

SDC's zero tolerance anti-corruption and bribery policy is rooted in our supplier Code of Conduct which states that all suppliers must comply with both national and international legislation in this area in effect at any given time. In 2019, existing suppliers were screened in relation to compliance with SDC's Code of Conduct and potential suppliers also underwent a due diligence process prior to conclusion of agreement. In 2019, this led to refusal of a potential supplier which indicates that the process works as intended.

In addition to our vigilance with regard to external partners, SDC also has constant focus on communicating the Company's procurement policy to all employees. We believe that regular information about guidelines for giving and taking gifts, acceptance limits for customers and suppliers' hospitality and other incentives towards third party help raising awareness about how to fight corruption and bribery in your daily work.

Did you know that...

the banks' customers make

2-3

times as many transactions in the mobile banking system as in internet banking

HUMAN RESOURCES

If SDC is to deliver innovative solutions to new as well as existing customers, the Company needs to be able to attract, retain and develop competent and committed employees. An ongoing effort is therefore made to ensure the best possible employee composition, competence level and motivating conditions.

TARGET FIGURES

In 2019, the SDC Group had an average of 569 employees based on the ATP method (2018 = 568). Of these, 25 are employed in SDC's Polish branch.

The average age of the Group's employees is 49 years of age (2018 = 48 years). The average age of the nearshore resources in SDC's Polish branch is 36 years of age. The average age of SDC employees and nearshore resources is 45 years of age in total.

The distribution of employees per location has changed during the year since there has been an influx of employees from the merger with SDC Integrations A/S in SDC A/S at 1 January 2019. Moreover, a number of employees from SDC's Swedish branch was transferred to SDC A/S during the year. The influx of employees has been a part of the simplification of the corporate structure which SDC implemented in 2019 – a simplification which means that SDC's activities and employees are now gathered in two locations in Ballerup (Danmark) and Warsaw (Poland), respectively.

At the end of 2019, the distribution of SDC's employees was 544 FTE in Denmark and 25 FTE in Poland. In addition, there are 187 Polish colleagues on BtB contracts who are also working on location in Warsaw.

DESCRIPTION OF GENDER COMPOSITION

SDC's policy is to recruit the best qualified candidates for all positions, irrespective of gender. In connection with recruitment and promotion for executive positions, SDC makes an effort to ensure that both genders are represented among the final three candidates.

The gender composition for the Group's employees is 62% men and 38% women. At the executive level, the gender composition is 56% men and 44% women. The gender composition of the nearshore resources in Poland is 90% men and 10% women. SDC finds the gender composition is market-compliant considering the nature of the sector.

At the board level, there have been no changes to the group of owners in 2019 that have affected the gender composition. In 2019, the number of board members elected by the general meeting was increased from six to eight members who are all men. This largely reflects the gender composition on the executive boards with SDC's shareholders. However, the board of directors still aims to have the underrepresented gender represented on the board by at least one person by the end of 2023. The practical implementation of this depends on the composition and internal distribution of responsibility on the executive boards of SDC's shareholders. After the latest election, the board members appointed by the staff are all men.

WORKING ENVIRONMENT AND CULTURE

SDC is an IT company which is closely integrated with the financial sector. Based on the agreements and standards applicable to the sector, we aim to create a working environment and a culture which attracts and retains competent and committed employees, which promotes innovation and professionalism, and which contributes to new thinking and development to the benefit of SDC's customers, SDC and the employees themselves.

SDC ensures good and orderly working conditions for its employees. SDC A/S is subject to the collective agreement of the Danish Financial Services Union (Finansforbundet).

As an important factor in SDC's resource strategy, SDC has a well-established nearshore set-up in Poland. SDC co-operates with responsible and recognised partners and regularly ensures that the co-operation partners fulfil their obligations regarding working conditions for the 187 BtB employees related thereto. Moreover, at the end of 2019 there were 25 permanent employees in SDC's Polish

Did you know that…

SDC employs
1 employee for each
4,393
customers with the banks

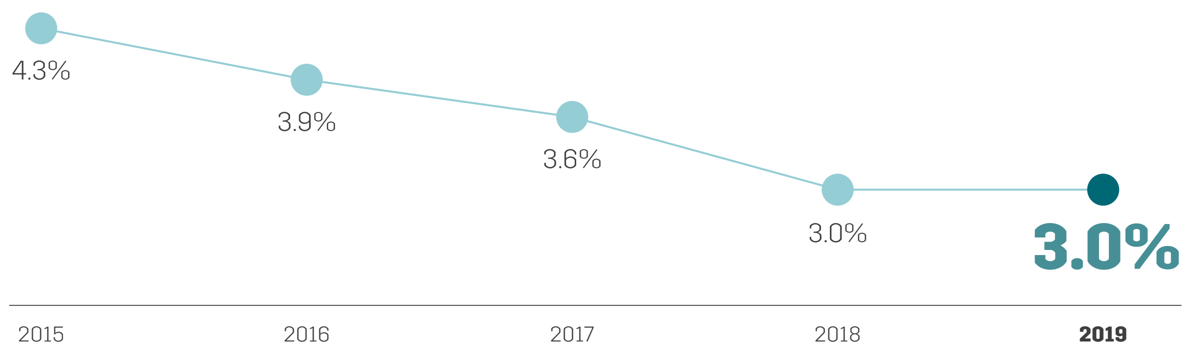
branch. During 2019, SDC has made an active effort to strengthen SDC's identity as one common SDC regardless of location and nationality. This is supported by words and concrete actions to ensure the best possible integration and interaction, amongst other things with implementation of English as corporate language and more integrated human resource management across borders.

SDC values diversity among its employees with respect to age, ethnicity, gender, etc. and the employees' lives both in and outside SDC are regarded as interrelated with mutual effect. SDC finds it important to maintain mutual flexibility and respect in the working relationship, thus supporting SDC's and the individual employee's situation and needs.

SDC regularly carries out a survey of job satisfaction, commitment and working conditions among the Group's employees. Surveys carried out so far have assessed SDC to be an attractive workplace in line with companies and sectors in SDC's benchmark group (Technology, Media & Telecommunications). The workplace assessment shows general satisfaction with the physical and psychological working environment in SDC.

In addition to specific job satisfaction measurements, the development in sickness absence is a good indicator of both physical and mental job satisfaction. SDC continuously monitors this key figure and has seen a low rate of sickness absence (3%). A healthcare plan for all employees and a structured effort in connection with stress and long-term illness, among other things, are considered to be significant contributing factors to the low rate of sickness absence. In 2019, SDC hired a dedicated certified stress specialist in Human Resources who advises the individual employee and SDC's executive officers on management of stress and employees suffering from stress.

Sickness absence



SDC has seen a larger decrease in sickness absence than the IT industry as a whole. For each employee at SDC, there was an average decrease in sickness absence of 2 days (corresponding to a total of approximately 9,000 working hours) in 2019 compared to 2015.

Further, the development in employee turnover shows a slight decrease over the past three years. The turnover in Denmark and Poland is in line with the market.

DEVELOPMENT OF EMPLOYEES AND EXECUTIVES

For SDC as an IT company, knowledge and an innovative culture are vital elements. Therefore, we attach great importance to competence and performance development of both employees and executives.

All employees have an employee development interview where goals, performance and development requirements are clarified individually and progress is monitored continuously. The work with development plans for the employees and the handling of key resources contribute to ensuring SDC's ability to deliver and flexibility.

Innovation also takes place through increased digitalisation of SDC's internal work processes, which enables the employees to act effectively and professionally within many areas.

During recent years, SDC has implemented a technological level shift where older systems and platforms are replaced by new and in many cases market-leading solutions based on .NET, Sitecore, Teradata, PowerBI, etc. As a positive side effect, it has been easier for SDC to attract younger resources in both Denmark and Poland just as it increases internal mobility.

SDC offers employees a broad range of development opportunities, both professional and personal courses, training and certifications. E-learning and physical end-of-the-day meetings are, amongst other things, used for mandatory IT security training, personal data processing and basic knowledge about SDC's platforms and solutions for example. These measures help create common understanding of SDC's performance and product portfolio to the customer and broad understanding of the fundamental framework of SDC's work.

There is constant development in and outside SDC and SDC's executives are instrumental in the successful implementation of new measures. Therefore, when recruiting and appointing executives at SDC, the focus is on their ability to drive change.

SDC seeks to affect and support its executives in the execution of their tasks to ensure that both executives and employees meet the Company's values and follow the Company's processes supported by the proper tools. In practice, this is achieved through the development and support of executives via SDC Leadership Program.

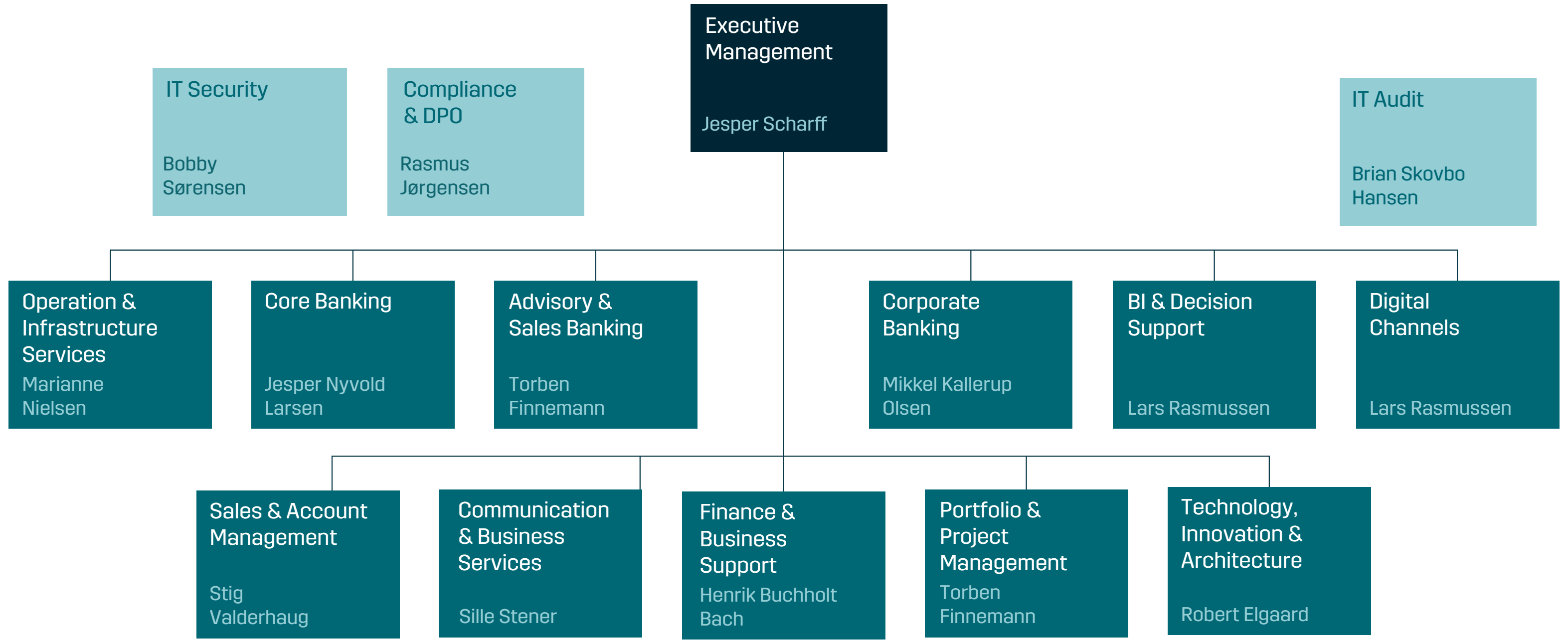
As a natural consequence of the increased focus on "One SDC", SDC's organisation was developed in 2019 by further integration of the Polish resources, amongst other things, at the executive level. In addition, teams and departments of SDC are staffed with a natural mix of employees who cooperate across borders and thereby create and support one single corporate culture in the day-to-day work.

Development in gender distribution

	2014	2015	2016	2017	2018	**2019**
Total employees	64% M 36% W	63% M 37% W	65% M 35% W	59% M 41% W	63% M 37% W	**62% M** **38% W**
Management	63% M 37% W	58% M 42% W	63% M 37% W	61% M 39% W	54% M 46% W	**56% M** **44% W**

Organisation

SDC has a flat organisation with short decision-making processes and significant openness. The organisational areas reflect the business areas of our customers and support the realisation of SDC's visions and strategies.



FINANCIAL POSITION

DEVELOPMENT IN REVENUE
In the financial year 2019, SDC has generated revenue of DKK 1,406 million. (2018 = DKK 1,418 million). Revenue is marginally lower than expected at the beginning of the year. The primary reason is that the revenue in 2018 included non-recurring income from a retiring customer.

Nominally, SDC's revenue for Danish customers has decreased by DKK 65 million to DKK 760 million compared to 2018. This reduction is primarily because the revenue in 2018 included revenue related to Saxo Privatbank A/S' resignation.

On the Norwegian market, revenue increased nominally by DKK 26 million in 2019 compared to 2018. This increase may be attributed primarily to customer-specific projects for two banks within Corporate Banking and acquisition of a number of activities concerning production of print and customer letters for Eika Gruppen AS in 2019.

On the Swedish market, revenue increased nominally by DKK 22 million to DKK 123 million in 2019 (2018 = DKK 101 million). The revenue increase may be attributed primarily to 2 new customers within the framework of SDC which accounts for DKK 20 million of the total increase in 2019.

Revenue on the Faroese market has increased nominally by 10% in 2019 to DKK 65 million (2018 = DKK 60 million). This increase can primarily be explained by the Faroese banks' increasing contribution to the financing of a number of joint commercial projects within Corporate Banking, BI and Advisor.

SDC's revenue broken down on types of services is largely unchanged compared to previous years. The distribution of revenue is:

- 34% for operations and infrastructure (2018 = 32%).
- 35% for joint development and maintenance (2018 = 39%).
- 10% for additional services which include use of Datawarehouse, print, eArkiv and SDCnet (2018 = 10%).
- 21% for commercial tasks which target primarily individual system development and other deliveries to individual banks or a group of banks with common needs (2018 = 19%).

One of the characteristics of SDC's customer portfolio is that it does not have one large, dominant customer on which the Company relies for its survival. SDC's largest individual customer accounts for 10% of the total revenue while the smallest customer accounts for less than 1%.

The significant dispersion of revenue on more than 120 banks makes SDC very resilient to shifts in the market and the customer group. This has become quite relevant after the announcement from the Danish Financial Supervisory Authority regarding the NEP requirements at the end of 2017. In SDC's assessment, SDC is not, by virtue of its market dispersion in the Nordic countries and the underlying revenue dispersion at customer level, exposed to the same extent as the competitors in the market.

EBITA RESULT
SDC's EBITA result for 2019 is DKK 86 million, equivalent to 6 %. This result is a significant improvement compared to the result of DKK 29 million in 2018. The primary reason for the increase of DKK 57 million is that SDC sold its domicile in Ballerup in 2019 and thus realised a gross profit of DKK 50 million, equivalent to a net profit of DKK 33 million. However, the full effect of this transaction has not made its breakthrough on profit/loss before tax as a number of costs are generated in relation to this transaction which, amongst other things, affects financial income and expenses, net after the EBITA result.

Development in EBITA

2015	2016	2017	2018	**2019**
2.4%	4.4%	1.8%	2.1%	**6.1%**

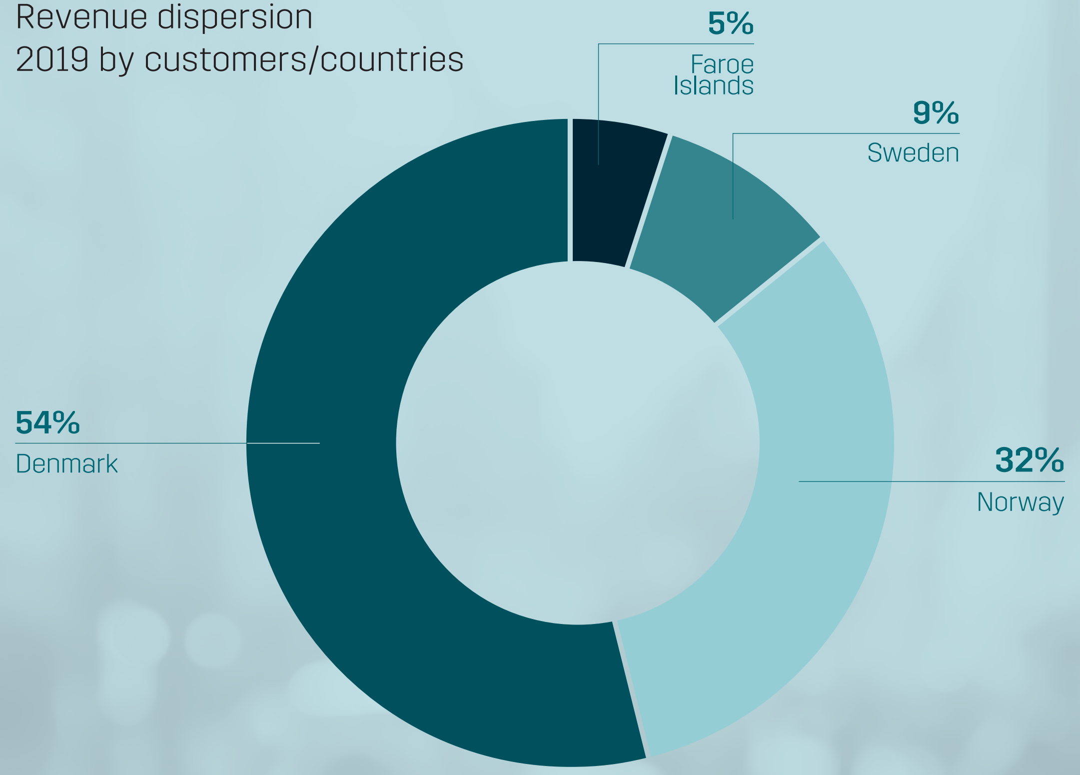
Did you know that...

today, the SDC processes almost

twice

as many bank transactions per Danish krone as five years ago

Revenue dispersion 2019 by customers/countries



Revenue dispersion 2015-2019

(exclusive of extraordinary lump-sum income)

	2015	2016	2017	2018	**2019**
DK	55%	59%	55%	58%	**54%**
NO	26%	27%	30%	31%	**32%**
SE	15%	10%	11%	7%	**9%**
FO	4%	4%	4%	4%	**5%**

Adjusted for sale of domicile, SDC maintains a largely unchanged EBITA result. Despite growing compliance requirements and license costs and annual expansion of five to ten new systems to be managed. The reason for maintenance of the EBITA result is that SDC continuously strive to adjust its costs and the underlying cost structures. Vital elements in this respect are increased application of nearshore resources for system development and maintenance and constant optimisation of sub-supplier and license agreements.

As part of this, possible cost reductions of more than DKK 35 million were identified in 2019 alone. These savings are integrated in the 2020 budget which means that the costs in SDC's budget do not increase to the same degree as the addition of new systems and solutions might otherwise do.

NEARSHORE

SDC has maintained its strategic focus on nearshore in 2019. As part of this, SDC has increased its operation in Poland from 180 resources at the end of 2018 to 212 resources at the end of 2019. Of these, 25 were permanent employees and 187 were employed on a BtB basis.

At the same time, nearshore resources are part of more and more projects in SDC. Today, nearshore resources contribute to most departments in SDC – not only the development areas but internal functions such as Accounts, HR, Internal IT, and Operations and Infrastructure.

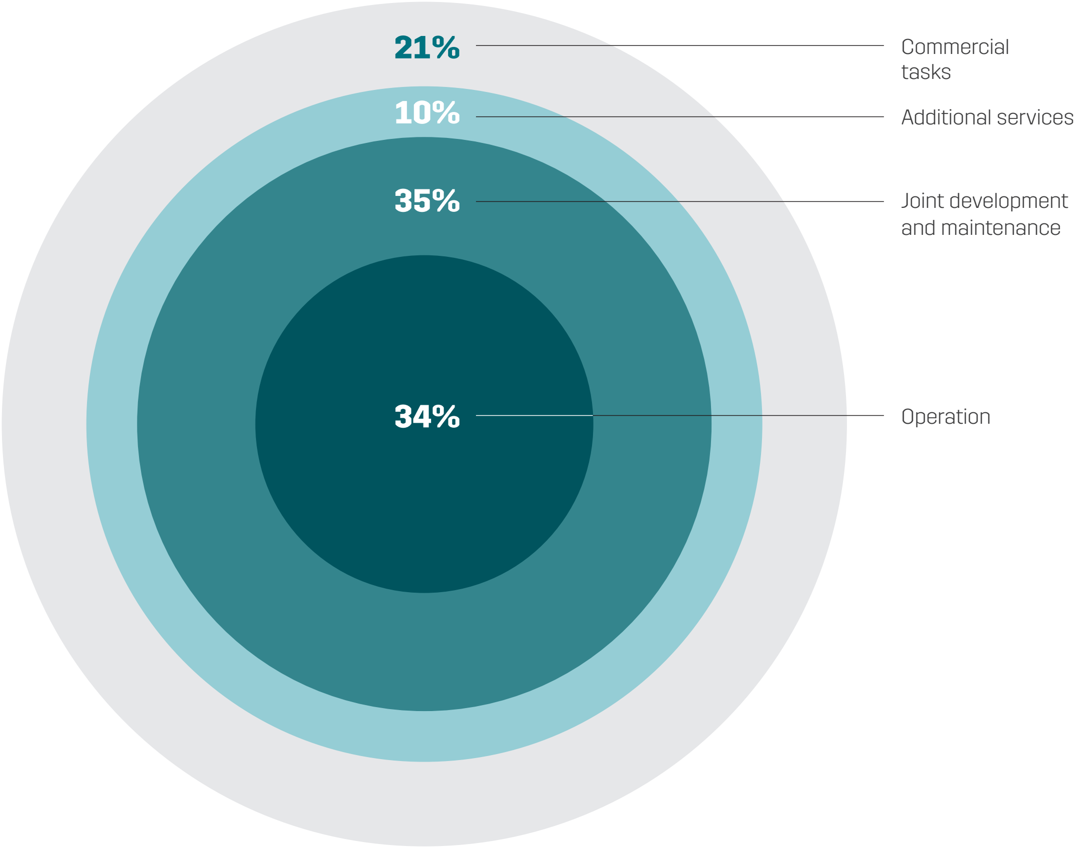
Nearshore resources replace primarily external consultants in Denmark but, to a lesser extent, also reduce the need for recruitment in Denmark both by hiring new staff and filling of posts. This trend will continue in 2020 when nearshore resources are expected to reach a level of 240 resources at the end of 2020, corresponding to approx. 35% of the total resources in SDC. Consequently, the number of resources in Denmark is expected to decrease in 2020.

One effect of SDC's focus on nearshore has been that SDC delivered 45% of the total number of maintenance hours through Polish resources in 2019. The corresponding share in 2018 was 37%. This trend is expected to continue in 2020. SDC's goal is that 50% of all maintenance hours are to be delivered from Poland at the end of 2020, while 32% of all development hours and 20% of all administrative hours are also to be delivered from Poland.

In following up on the right resource mix, SDC continuously measures the "blend rate", representing the ratio between Danish nearshore employees measured in hours included in maintenance and system development, respectively.

Measured in blend at the end of 2019, SDC achieved its goal. Measured in the average of 2019, blend for maintenance is 42% and 24% for development projects. The reason for the difference between year-end and average figures is an increase during the year. In general, nearshore resources are used widely in the organisation but with different intensity. The reason for this difference is primarily that individual areas require specific local knowledge within, for example, the tax area and close local cooperation.

Revenue dispersion 2019 by services



Share of system maintenance and development undertaken by nearshore resources

Blend rate	Realised 2017	Realised 2018	**Realised at the end of 2019**	Target 2020
System maintenance	32%	37%	**45%**	50%
System development	17%	21%	**27%**	33%

SDC system capitalisation for the last financial years

Amount in DKK million	2015	2016	2017	2018	**2019**
Opening balance sheet system capitalisation	647	647	644	780	**820**
Depreciation, amortisation and impairment losses for the year	-193	-190	-190	-235	**-250**
Additions	193	187	326	275	**257**
Balance sheet at year-end	647	644	780	820	**827**

As a result of SDC's focus on nearshore and blend rate, SDC is able to increase the customers' benefit from their payment to, among other things, joint development and maintenance year by year and thus to help counter the growing administration burden deriving from an ever rising number of new solutions and systems for the customers.

Thus, in 2019, approximately 5% more development and maintenance hours per Danish krone were delivered to the banks compared to 2018. SDC's plan is to expand the use of nearshore over time from pure resource reinforcement to also include the transfer of entire tasks and individual areas to Poland.

STAFF EXPENSES

For the financial year 2019, gross staff expenses may be stated at DKK 545 million before transfer to development projects (2018 = DKK 535 million). Of the gross staff expenses, basic salaries account for 79%, pensions account for 8% and other staff expenses (primarily payroll tax) account for 13%.

In 2019, the average gross expenses per member of staff account for DKK 958,000 (2018 = DKK 942,000). These expenses include pensions (11%) and payroll tax (15%). Compared to 2018, this corresponds to a gross increase of 1.8% in 2019, taking into account that the number of employees is largely unchanged compared to 2018. The adjustment provided for by collective agreement in 2019 was 1.9% for the year. The general salary drift and one-off payments, etc. are financed via fluctuations between staff outflow and re-employments during the year and small-scale transfer of projects and functions from Denmark to Poland.

SDC's costs for the executive board and board of directors increased in 2019 by 4.3%. However, this does not represent increased remuneration for the board of directors or extraordinary adjustment for the executive board. The only reason is that the number of board members elected by the general meeting has been expanded from six to eight members in May 2019.

Of the total gross staff expenses of DKK 545 million, DKK 115 million has been transferred to development projects which are capitalised, and direct staff expenses charged to the profit and loss account for the period are thus realised at DKK 430 million, which is recognised in the profit for the period.

SDC'S DEVELOPMENT COSTS

In 2019, SDC has incurred development costs of DKK 510 million (2018 = DKK 494 million).

The total development activity comprises costs for joint development and adaptation of SDC's system portfolio to existing and future statutory and sector requirements, new development of the Company's common system portfolio and system support of process optimisation in relation to new and existing systems of DKK 257 million (2018 = DKK 278 million). To this should be added commercial system development for individual customers in 2019 of DKK 253 million (2018 = DKK 216 million).

Despite ever stricter regulatory requirements and the ongoing level change in relation to SDC's platforms (such as new Advisory platform, BI & Regnskab, Corporate Banking, and eBank), SDC is able to make these great investments with only moderate increases in the banks' ingoing payments and limited increases in the capitalised development costs. The reason for this is that SDC continuously optimises its business and adjusts its costs within practically all areas and not least the use of the nearshore resources.

DEPRECIATION, AMORTISATION AND FINANCIAL INCOME AND EXPENSES, NET

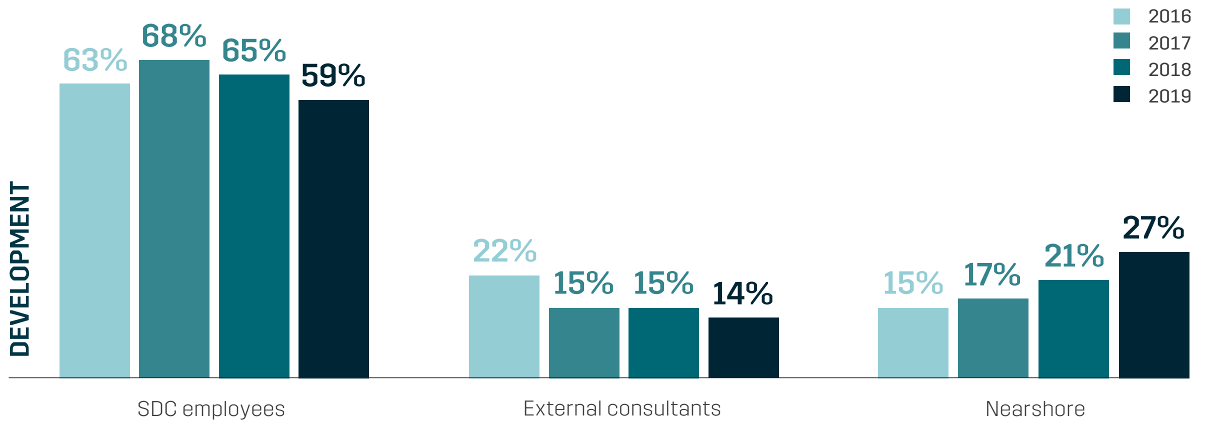
The Company's depreciation and amortisation/impairment in the financial statements for 2019 amounts to DKK 280.5 million (2018 = DKK 272 million). Reference is made to note 3 in "Notes on the financial statements" for specification of depreciation and amortisation.

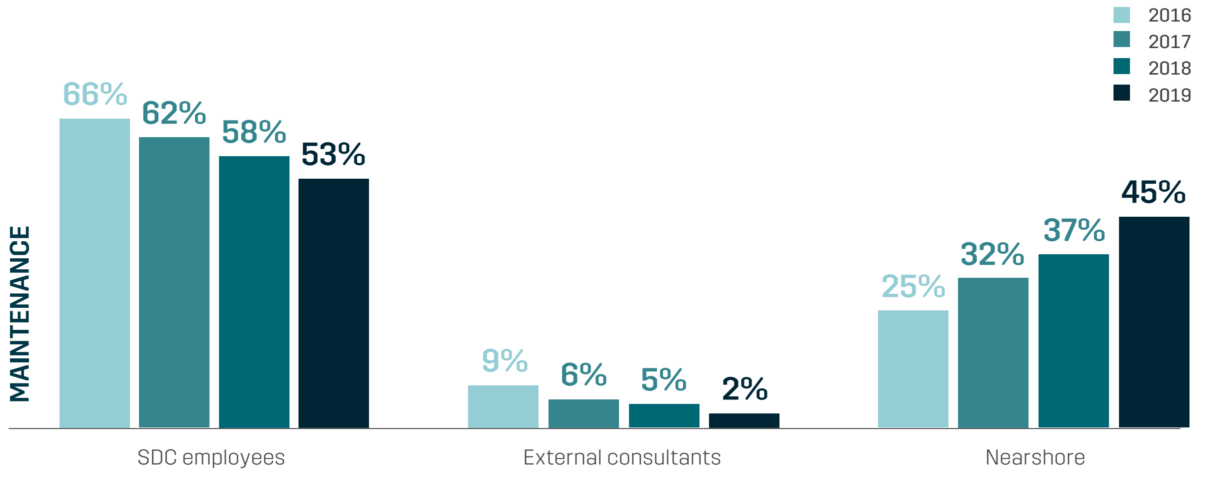
Total depreciation and amortisation for 2019 are higher than the level in the preceding years. The reason for this is that, at the end of 2019, SDC decided to apply depreciations on a number of platforms which are expected to be replaced within shortly. Replacement is derived from SDC's ongoing level change in relation to a number of central platforms in the system portfolio – for example, SDC's current Internet and Mobile Banking which are expected to be replaced by the new NEoS platform in 2020. Thus, in 2019 alone, depreciations account for DKK 59.4 million compared to DKK 20.3 million in 2018.

SDC's financial expenses are stated at DKK -11.4 million gross in 2019 (2018 = DKK -9.0 million). The financial expenses for 2019 includes costs related to exchange rate adjustment, repayment costs and charging of

Resource composition

SDC is constantly striving to optimise methods, tools and infrastructure to ensure an even more efficient use of its resources in SDC's nearshore concept in Poland. This has made it possible to increase the part of the system maintenance that is carried out by nearshore resources to 45% in 2019 compared to 37% in 2018. The increased use of nearshore resources has meant that SDC has been able to deliver 5% more development and maintenance per Danish krone in 2019 compared to 2018. The use of nearshore resources is expected to increase further in 2020 to ensure a high and continued increase in the delivery capacity at SDC without a similar increase in the banks' payments to SDC.

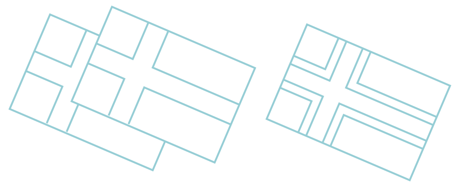




amortised loan costs for previous years. These costs amount to total DKK 3.5 million. After correction of financial income and expenses for these one-off costs, related to sale of domicile and repayment of related loans, the financial expenses in 2019 are approximately 12% below the realised level for 2018.

Henceforth, the financial expenses are expected to be significantly reduced as a result of the effect of the sale of SDC's domicile on liquidity and reduction and restructure of SDC's credit facilities from 2020. SDC has thus reduced its interest-bearing debt by DKK 420 million in the financial year.

Did you know that ...



the average Danish SDC bank customer holds almost

twice

as many accounts as customers in Norwegian SDC banks

PROFIT/LOSS FOR THE YEAR

Profit before tax for the financial year 2019 amounts to DKK 16.0 million (2018 = DKK 6.8 million). Profit for the year is approximately DKK 10 million higher than initially expected. The reason for the improvement is primarily because the profit from the sale of SDC's domicile has been included.

The Group's operating profit (profit before financial items) for 2019 is stated at DKK 26.6 million (2018 = DKK 9.1 million). The reason for this significant improvement of profit before tax is primarily the recognition of the Company's sale of its domicile at the end of the financial year.

A tax expense of DKK -3.9 million has been included in the financial statements for 2019. The tax payment may be attributed to the Company's foreign branches and sale of domicile.

LAND AND BUILDINGS

SDC's land and buildings included until 2019 the Company's domicile in Ballerup of 36,800 sq. m and two holiday homes. SDC sold its domicile in Ballerup on 1 November 2019 for DKK 436 million net to Ekistics Properties. In connection with this sale, SDC has assigned existing lease contracts concluded with a third party to the buyer. This means that the value of land and buildings in the balance sheet for 2019 is written down from DKK 391 million in 2018 to DKK 2 million at the end of 2019. The remaining amount results from two holiday homes which SDC's employees can rent. Revenue from the sale of the domicile has been spent on repayment of debt to mortgage credit institutions (2018 = DKK 201 million) and to reduce SDC's other interest-bearing debt, etc.

In connection with the sale, SDC has concluded a lease for 12,800 sq. m of the domicile, corresponding to the area which SDC is occupying today. SDC has agreed to renovate this area and to secure rental of an idle lease (approx. 2,800 sq. m) in the building after which the obligations with regard to this area are assigned to another owner. Provisions for both idle lease and renovation of this lease are recognised in these financial statements. Other lease contracts concluded with a third party are assigned to the buyer of the domicile (see, moreover, note 21 for "Contingent liabilities").

EQUITY

SDC's equity at the end of 2019 has been stated at DKK 676.5 million compared to DKK 655.1 million at the end of 2018. The change in equity from 2018 to 2019 is DKK 21.4 million net. The reason for this change may be attributed to the following: 1) profit/loss for the period after tax (DKK +12.1 million), 2) the Company's sale of its own shares in connection with the Company's ordinary redistribution in 2019 (DKK +15.8 million) and 3) loss on repayment of interest hedging instruments (SWAP) related to mortgage loans in connection with repayment of loans (net value of the SWAP adjustment after tax adjustment is DKK -6.7 million). Against this background, the Company's equity value per share for the year may be stated at 390.

Price-to-book value 2015-2019

2015	2016	2017	2018	**2019**
371	374	384	387	**390**

LIQUIDITY AND CASH FLOWS

SDC's net cash at bank and in hand amounts to DKK 331 million at the end of 2019 compared to a net amount of DKK 61 million in 2018. An increase of DKK 270 million net. The reason for this significant improvement of the Company's net cash at bank and in hand is primarily SDC's sale of its domicile for DKK 436 million at 1 November 2019. After repayment of related loans and payment of transaction costs, the remainder of the purchase amount has improved the Company's liquidity by DKK +250 million. Finally, the Company's total interest-bearing debt during the year has been reduced by DKK 430 million as a result of the above.

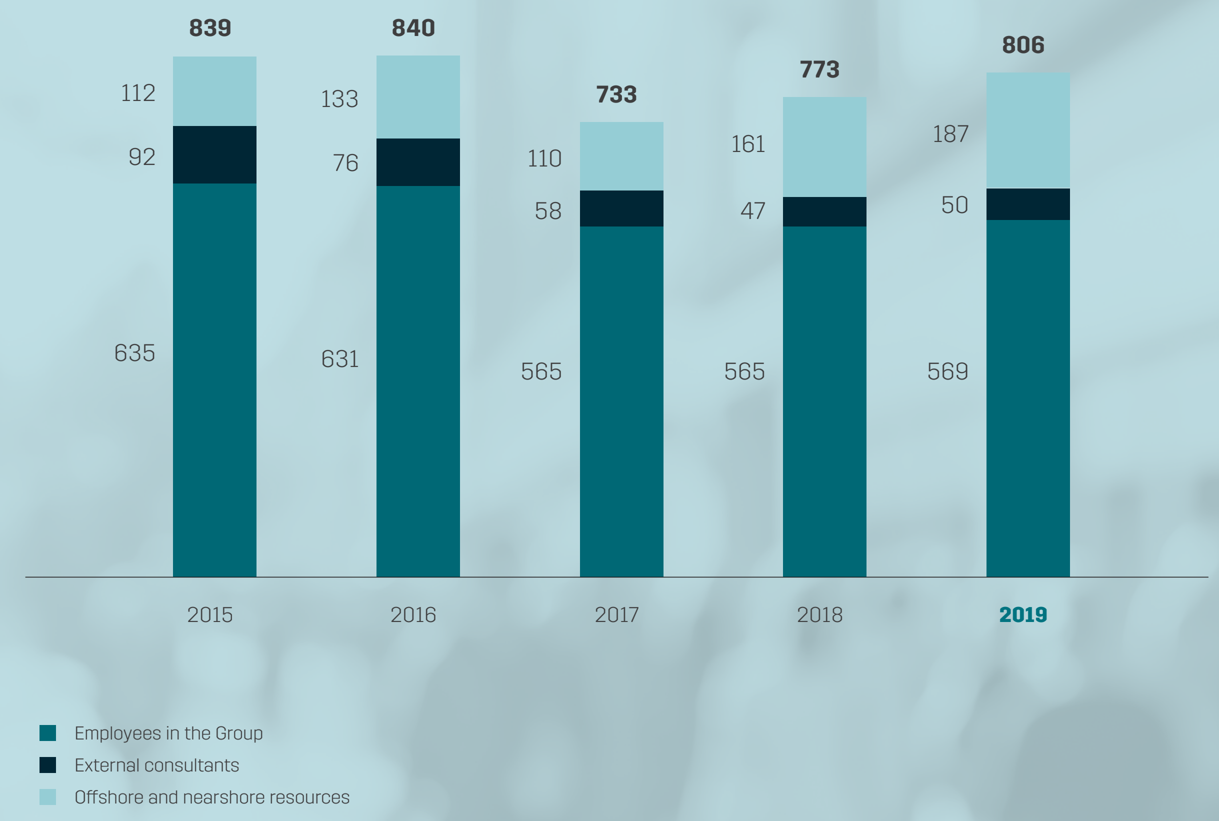
As a consequence of the improved liquidity, the Company has reviewed and renegotiated its banking engagements. In addition to the domicile transaction, the Company has, in connection with the ordinary redistribution of shares, sold own share for DKK 15.9 million which has also had a positive impact on liquidity.

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 the Company's accounting policies 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 accounts are the following:

- Calculation of the withdrawal amounts.
- Recognition of development projects where the value depends on the future earnings within the area.
- Recognition of land and buildings at fair value using a return-based model.
- Recognition of provisions for completion of projects.

SDC's resources 2015-2019 (FTE, year-end)



OTHER MATTERS AND CONDITIONS

SPECIAL RISKS
SDC' business is not significantly exposed to exchange rate risks. The Group operates mainly in DKK and EUR. All customers are invoiced in Danish kroner, and the only significant costs in other currency will typically be payroll costs in Poland and payment of individual deliveries 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 significant 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 by multi-year agreements with professional suppliers, mainly JN Data for IT operation, TDC for lines and communication and KMD for print and other services.

In 2019, SDC has taken one more step in relation to outsourcing specific tasks for specialised sub-suppliers as an agreement was concluded with NNIT on delivery of a new workplace concept for SDC's customers. This solution is expected to be implemented with SDC's end customers by 2020.

FUTURE EXPECTATIONS
By the end of the financial year 31 December 2019, SDC expected to deliver the same revenue in 2020 as in 2019 and profit/loss after tax for 2020 corresponding to DKK +/-5 million.

The spread of COVID-19 from March 2020 has of course created uncertainty about this.

The character of SDC's business in combination with the company's digital preparedness means that SDC's activities can be carried out digitally from remote and home work stations to a very large extent, and inflow of tasks from customers and deliveries to customers are not depending on physical contact. On the other hand, the Corona crisis and not least the derived financial consequences from the crisis may affect the customers' demand in the long term. However, at the beginning of the financial year, SDC has good volume of orders which help secure a large proportion of SDC's revenue in 2020. Therefore, COVID-19 is, all things considered, expected to have a reduced effect on SDC's revenue and result for 2020.

EVENTS AFTER THE EXPIRY OF THE FINANCIAL YEAR
No events have occurred from the balance sheet date and up to this date which affect the accounting valuations made in the Annual Report.

The planned liquidation of SDC Ejendomme A/S is currently under way and is expected to be concluded during 2020.

CONSOLIDATED FINANCIAL STATEMENTS SDC 2019

ACCOUNTING POLICIES

The Annual Report for SDC A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C enterprises under the Danish Financial Statements Act.

The consolidated financial statements and financial statements for 2019 are presented in DKK thousand.

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 the accounting policies 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 accounts are the following:

- Calculation of the withdrawal amounts.
- Recognition of development projects where the value depends on the future earnings within the area.
- Liabilities related to sale of property.
- Recognition of provisions for completion of projects.

RECOGNITION AND VALUATION

Income is 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, amortisation, impairment losses 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.

CONSOLIDATION

The consolidated financial statements include the parent company SDC A/S and companies in which the parent company directly or indirectly holds the majority of votes, or in which the parent company has a controlling influence through shareholding or otherwise.

On consolidation, items of a similar type are combined. Intra-group income and expenses, shareholdings, dividends and intra-group balances, and realised and unrealised gains and losses on intra-group transactions are eliminated.

The parent company's equity investments in the consolidated subsidiaries are set off against the parent company's share of the subsidiaries' equity value stated at the time of consolidation.

MERGERS

The booked value method is applied on intra-group mergers of companies. The two companies are merged at booked values and a difference in value is not identified. Comparative figures are not adjusted when using the booked value method. The company merged with SDC Integrations A/S and recognised from 1 January 2019.

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 arose is recognised in the income statement as financial income or financial expenses.

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

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included as "Other debtors" and "Other liabilities", respectively.

Changes in the fair value of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is classified as and qualifies for hedge accounting, cf. below.

HEDGE ACCOUNTING

Changes in the fair value of financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets or liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability which can be attributed to the risk hedged.

Changes in the fair value of financial instruments designated as and qualifying as hedges of expected future transactions are recognised in equity under retained earnings as regards the effective portion of the hedge, while the ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, amounts previously deferred in equity are transferred from equity and recognised in the cost of the asset or liability, respectively. If the hedged transaction results in income or expenses, amounts deferred in equity are transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is included in the same item as the hedged transaction.

Changes in the fair value of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, while the ineffective portion is recognised in the income statement.

SEGMENT INFORMATION ON REVENUE

Information is provided on revenue according to geographic segments. The company does not provide business segment information as the company's business segments do not differ from each other.

INCOME STATEMENT

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

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

DIRECT PRODUCTION EXPENSES
Direct production expenses 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.

OTHER EXTERNAL EXPENSES
Other external expenses include expenses incurred for management, administration 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, AMORTISATION AND IMPAIRMENT LOSSES
Depreciation, amortisation and impairment losses comprise depreciation, amortisation and impairment losses for the year on intangible and tangible fixed assets.

OTHER OPERATING INCOME/EXPENSES
Other operating income and other operating expenses include items of a nature secondary to the primary activities of the Company, such as management fee and rental income.

PROFIT/LOSS FROM EQUITY INVESTMENTS IN SUBSIDIARIES AND GROUP UNDERTAKINGS
The proportionate share of the profit/loss for the year is included in the income statement under the items "Income from equity investments in subsidiaries" and "Income from equity investments in group undertakings".

FINANCIAL INCOME AND EXPENSES, NET
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 joint 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 1 JANUARY - 31 DECEMBER

		Group		Parent company	
Note	DKK thousand	2019	2018	2019	2018
1	**Revenue**	**1,406,209**	**1,417,858**	**1,406,209**	**1,420,267**
2	Other operating income	46,237	13,732	2,000	552
	Direct production expenses	-666,272	-693,969	-666,272	-709,248
	Other external expenses	-48,396	-47,384	-52,957	-53,261
	Gross profit/loss	**737,778**	**690,237**	**688,980**	**658,310**
3	Staff expenses	-430,654	-409,329	-430,654	-396,686
4	Depreciation, amortisation and other amounts written off tangible and intangible fixed assets	-280,490	-271,820	-262,505	-250,799
2	**Profit/loss before financial income and expenses, net**	**26,634**	**9,088**	**-4,179**	**10,825**
	Income from equity investments in subsidiaries	0	0	6,648	1,003
	Income from equity investments in group undertakings	173	5,763	173	5,763
5	Financial income	581	892	581	883
6	Financial expenses	-11,361	-8,976	-6,414	-11,900
	Profit/loss before tax	**16,027**	**6,767**	**-3,191**	**6,574**
7	Tax on profit or loss for the year	-3,882	-1,186	15,336	-993
	Profit/loss for the year	**12,145**	**5,581**	**12,145**	**5,581**

BALANCE SHEET

INTANGIBLE FIXED ASSETS

Development projects and other intellectual property rights

Expenses for development projects include salaries, depreciation and amortisation 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 administration as well as the actual development costs.

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

Capitalised development costs are measured at the lower of cost less the accumulated depreciation, amortisation and impairment losses or the recoverable amount. 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, amortisation and impairment losses 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 economic 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 cost less the accumulated depreciation, amortisation and impairment losses 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, amortisation and impairment losses.

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.

IMPAIRMENT OF FIXED ASSETS

The carrying amount of intangible 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 or amortisation.

In such a case, impairment is made at the lower recoverable amount.

EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Equity investments in subsidiaries and associated companies are recognised and measured in accordance with the equity method.

Under the balance sheet items "Equity investments in subsidiaries" and "Equity investments in group undertakings", the proportionate ownership share of the companies' equity value is recognised and stated on the basis of the fair value of the identifiable net assets at the time of acquisition with deduction or addition of unrealised intragroup profits and losses and with addition of residual value of any excess values and goodwill stated at the time of the acquisition of the companies.

The total net revaluation of equity investments in subsidiaries and group undertakings is transferred through the distribution of profit to "Reserve for net revaluation according to 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 subsidiaries and group undertakings.

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 at 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 nominal value. A provision is made for bad debts based on an individual assessment.

PREPAYMENTS

Prepayments recognised as assets comprise prepaid expenses regarding subsequent financial years.

EQUITY

Dividend

Dividend proposed by management to be distributed for the year is shown as a separate item under equity.

Own equity investments

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

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 payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Surcharges and refunds under the on-account tax scheme are recognised in the income statement as financial income and expenses.

FINANCIAL LIABILITIES

Loans, such as mortgage loans and loans from credit institutions, are recognised at the time of borrowing at the proceeds received, net of transaction costs 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.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt of the loan. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing adjusted by amortisation of the price adjustment for the loan at the time of borrowing over the period of repayment.

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

PREPAYMENTS

Deferred income and accrued expenses recognised as liabilities comprises payments received concerning income in subsequent financial years.

BALANCE SHEET 31 DECEMBER - ASSETS

Note	DKK thousand	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	Completed development projects	415,821	503,761	415,821	503,761
	Intellectual property rights	24,272	32,407	24,272	32,407
	Development projects in progress	411,715	316,392	411,715	316,392
8	**Intangible fixed assets**	**851,808**	**852,560**	**851,808**	**852,560**
	Land and buildings	1,874	390,878	1,874	1,874
	Production plant and machinery	4,486	5,969	4,486	5,969
	Other fixtures and fittings, tools and equipment	1,112	1,978	1,112	1,538
9	**Tangible fixed assets**	**7,472**	**398,825**	**7,472**	**9,381**
10	Equity investments in subsidiaries	0	0	180,033	479,347
11	Equity investments in group undertakings	65,936	65,763	65,936	65,763
12	Other debtors	5,640	151	5,640	4,877
	Fixed asset investments	**71,576**	**65,914**	**251,609**	**549,987**
	Fixed assets	**930,856**	**1,317,299**	**1,110,889**	**1,411,928**
	Inventories	**522**	**468**	**522**	**468**
	Trade receivables	118,766	138,942	111,784	133,239
	Amounts receivable from group undertakings	0	0	0	3
	Other debtors	9,929	3,540	8,959	3,235
16	Deferred tax asset	42,327	43,023	42,327	43,603
	Corporation tax	781	285	781	0
	Corporation tax receivable from group undertakings	0	0	17,920	2,659
13	Prepayments	90,896	94,780	90,896	94,780
	Receivables	**262,699**	**280,570**	**272,667**	**277,519**
	Cash at bank and in hand	**330,711**	**60,501**	**320,874**	**58,980**
	Current assets	**593,932**	**341,539**	**594,063**	**336,967**
	Assets	**1,524,788**	**1,658,838**	**1,704,952**	**1,748,895**

BALANCE SHEET 31 DECEMBER - LIABILITIES

Note	DKK thousand	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	Company capital	173,492	173,492	173,492	173,492
	Revaluation reserve	0	111,325	0	0
	Reserve for net revaluation according to the equity method	5,936	5,763	17,643	273,754
	Reserve for development costs	0	0	557,202	496,826
	Retained earnings	497,037	364,537	-71,872	-288,955
14	**Equity**	**676,465**	**655,117**	**676,465**	**655,117**
17	Other provisions	64,219	57,052	44,019	57,052
	Provisions	**64,219**	**57,052**	**44,019**	**57,052**
	Debt to mortgage credit institutions	0	189,686	0	0
	Amounts owed to group undertakings	0	0	0	191,648
	Other debt	15,943	8,647	15,943	0
18	**Long-term debt**	**15,943**	**198,333**	**15,943**	**191,648**
18	Debt to mortgage credit institutions	0	11,438	0	0
	Accounts payable	130,508	115,109	103,671	112,812
18	Amounts owed to group undertakings	0	0	227,648	119,672
	Corporation tax	1,051	0	1,051	18
18	Other debt	69,936	97,656	69,489	92,028
19	Prepayments	566,666	524,133	566,666	520,548
	Short-term debt	**768,161**	**748,336**	**968,525**	**845,078**
	Creditors	**784,104**	**946,669**	**984,468**	**1,036,726**
	Liabilities	**1,524,788**	**1,658,838**	**1,704,952**	**1,748,895**

15 Distribution of net profit
22 Contingencies and other financial liabilities
23 Related parties
24 Fee for auditor elected by the general meeting

STATEMENT OF CHANGES IN EQUITY

GROUP

DKK thousand	Company capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	173,492	111,325	5,763	0	364,537	655,117
Reversals of revaluation of assets sold for the year	0	-111,325	0	0	111,325	0
Sale of own equity investments	0	0	0	0	15,860	15,860
Adjustment of interest hedging instruments at fair value, year-end	0	0	0	0	-8,535	-8,535
Tax on the adjustment of interest hedging instruments for the year	0	0	0	0	1,878	1,878
Profit/loss for the year	0	0	173	0	11,972	12,145
Equity at 31 December	**173,492**	**0**	**5,936**	**0**	**497,037**	**676,465**

PARENT COMPANY

DKK thousand	Company capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	173,492	0	273,754	496,826	-288,955	655,117
Sale of own equity investments	0	0	0	0	15,860	15,860
Other changes in equity	0	0	-6,657	0	0	-6,657
Development costs for the year	0	0	0	200,636	-200,636	0
Depreciation, amortisation and impairment losses for the year	0	0	0	-140,260	140,260	0
Profit/loss for the year	0	0	-249,454	0	261,599	12,145
Equity at 31 December	**173,492**	**0**	**17,643**	**557,202**	**-71,872**	**676,465**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

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

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, amortisation and impairment losses and provisions. Working capital comprises current assets less current liabilities exclusive of cash and cash equivalents.

CASH FLOWS 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 FLOWS 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 consists of "Cash at bank and in hand".

The cash flow statement cannot be derived exclusively from the published accounting records.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company.

		Group	
Note	DKK thousand	2019	2018
	Profit/loss for the year	12,145	5,581
20	Adjustments	261,574	275,324
21	Change in working capital	53,757	25,024
	Cash flows from operation before financial income and expenses, net	**327,476**	**305,929**
	Ingoing interest payments and the like	581	892
	Outgoing interest payments and the like	-8,082	-8,859
	Cash flows from ordinary operation	**319,975**	**297,962**
	Corporation tax paid	-751	-2,247
	Cash flows from operating activities	**319,224**	**295,715**
	Purchase of intangible fixed assets	-259,825	-286,577
	Purchase of tangible fixed assets	391,353	-10,209
	Purchase of fixed asset investments etc.	5,662	-60,105
	Repayment of subordinate loan	0	90,000
	Cash flows from investing activities	**137,190**	**-266,891**
	Repayment of debt to mortgage credit institutions	-203,204	-11,561
	Purchase and sale of own equity investments	15,860	-15,879
	Cash capital increase	0	1,429
	Other adjustments	1,140	452
	Cash flows from financing activities	**-186,204**	**-25,559**
	Change in cash and cash equivalents	**270,210**	**3,265**
	Cash and cash equivalents at 1 January	60,501	57,236
	Cash and cash equivalents at 31 December	**330,711**	**60,501**
	Cash and cash equivalents may be specified as follows:		
	Cash at bank and in hand	330,711	60,501
	Cash and cash equivalents at 31 December	**330,711**	**60,501**

NOTES TO THE FINANCIAL STATEMENTS

1: Revenue

DKK thousand	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Activities				
Deliveries, Denmark	760,898	825,946	760,898	832,204
Deliveries, Norway	457,241	431,018	457,241	428,943
Deliveries, Sweden	123,027	100,994	123,027	99,495
Deliveries, Faroe Islands	65,043	59,900	65,043	59,625
	1,406,209	**1,417,858**	**1,406,209**	**1,420,267**

2: Special items

The item "Other operating income" includes profit from sale of the group's domicile.
The carrying amount from the sale is DKK thousand 33,405.

3: Staff expenses

	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Salaries	428,283	422,589	428,283	411,162
Pensions	45,012	42,118	45,012	41,084
Other staff expenses	72,026	70,608	72,026	70,426
	545,321	**535,315**	**545,321**	**522,672**
Transferred to development projects	-114,667	-125,986	-114,667	-125,986
	430,654	**409,329**	**430,654**	**396,686**
Remuneration for executive board and board of directors	**6,121**	**5,866**	**6,121**	**5,866**
Average number of employees	**569**	**568**	**569**	**552**

In accordance with section 98b of the Danish Financial Statements Act, remuneration for the executive board and board of directors is shown together.

4: Depreciation, amortisation and other amounts written off tangible and intangible fixed assets

DKK thousand	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Depreciation of intangible fixed assets	201,196	227,885	201,196	227,885
Depreciation of tangible fixed assets	19,914	23,636	1,929	2,615
Impairment of intangible fixed assets	59,380	20,306	59,380	20,306
Profit and loss on sale	0	-7	0	-7
	280,490	**271,820**	**262,505**	**250,799**

5: Financial income

	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Other financial income	581	23	581	23
Exchange rate adjustments	0	869	0	860
	581	**892**	**581**	**883**

6: Financial expenses

	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Interest expenses - group undertakings	0	0	2,163	8,334
Other financial expenses	7,829	8,976	3,998	3,566
Exchange rate adjustment expenses	3,532	0	253	0
	11,361	**8,976**	**6,414**	**11,900**

7: Tax on profit or loss for the year

DKK thousand	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Current tax for the year	3,139	1,290	-16,659	-1,257
Deferred tax for the year	781	-137	1,361	2,126
Adjustment of tax regarding previous years	-4	33	-4	124
Adjustment of deferred tax previous years	-34	0	-34	0
	3,882	**1,186**	**-15,336**	**993**

8: Intangible fixed assets

GROUP

DKK thousand	Completed development projects	Intellectual property rights	Development projects in progress	Total
Cost at 1 January	860,493	112,761	316,392	1,289,646
Additions in the year	0	2,599	257,226	259,825
Disposals in the year	-188,633	0	0	-188,633
Transfers in the year	161,903	0	-161,903	0
Cost at 31 December	**833,763**	**115,360**	**411,715**	**1,360,838**
Depreciation, amortisation and impairment losses at 1 January	356,732	80,354	0	437,086
Impairment for the year	59,380	0	0	59,380
Depreciation and amortisation for the year	190,463	10,734	0	201,197
Depreciation, amortisation and impairment losses for the year on assets sold	-188,633	0	0	-188,633
Depreciation, amortisation and impairment losses at 31 December	**417,942**	**91,088**	**0**	**509,030**
Carrying amount at 31 December	**415,821**	**24,272**	**411,715**	**851,808**
Depreciated over	5 years	3-10 years		

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 case, write-down is made at the lower recoverable amount. It naturally follows that the ongoing measurement of the recoverable amount of development projects is an estimate.

9: Tangible fixed assets

GROUP

DKK thousand	Land and buildings	Production plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January	503,775	35,941	11,906	551,622
Disposals in the year	-501,901	0	-3,070	-504,971
Cost at 31 December	**1,874**	**35,941**	**8,836**	**46,651**
Revaluation 1 January	202,696	0	0	202,696
Reversals of revaluation of assets sold for the year	-202,696	0	0	-202,696
Revaluation at 31 December	**0**	**0**	**0**	**0**
Depreciation, amortisation and impairment losses at 1 January	315,593	29,972	9,928	355,493
Depreciation and amortisation for the year	17,633	1,483	748	19,864
Depreciation, amortisation and impairment losses for the year on assets sold	-333,226	0	-2,952	-336,178
Depreciation, amortisation and impairment losses at 31 December	**0**	**31,455**	**7,724**	**39,179**
Carrying amount at 31 December	**1,874**	**4,486**	**1,112**	**7,472**
Depreciated over	10-50 years	3-5 years	2-5 years	

PARENT COMPANY

DKK thousand	Land and buildings	Production plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January	1,874	35,941	8,836	46,651
Cost at 31 December	**1,874**	**35,941**	**8,836**	**46,651**
Depreciation, amortisation and impairment losses at 1 January	0	29,972	7,298	37,270
Depreciation and amortisation for the year	0	1,483	426	1,909
Depreciation, amortisation and impairment losses at 31 December	**0**	**31,455**	**7,724**	**39,179**
Carrying amount at 31 December	**1,874**	**4,486**	**1,112**	**7,472**
Depreciated over		3-5 years	2-5 years	

10: Equity investments in subsidiaries

PARENT COMPANY

DKK thousand	2019	2018
Cost at 1 January	211,356	211,356
Disposals in the year	-43,030	0
Cost at 31 December	**168,326**	**211,356**
Value adjustments at 1 January	267,991	267,667
Disposals in the year	38,725	0
Profit/loss for the year	6,648	1,003
Dividend for parent company	-295,000	0
Adjustment of interest hedging instruments at fair value for the year	-6,657	-679
Value adjustments at 31 December	11,707	267,991
Carrying amount at 31 December	**180,033**	**479,347**

Equity investments in subsidiaries may be specified as follows:

Name	Registered office	Voting rights and ownership interest
SDC Ejendomme A/S in solvent liquidation	Ballerup	100%

11: Equity investments in group undertakings

	Group		Parent company	
DKK thousand	2019	2018	2019	2018
Cost at 1 January	60,000	0	60,000	0
Additions in the year	0	60,000	0	60,000
Cost at 31 December	**60,000**	**60,000**	**60,000**	**60,000**
Value adjustments at 1 January	5,763	0	5,763	0
Profit/loss for the year	173	5,763	173	5,763
Value adjustments at 31 December	5,936	5,763	5,936	5,763
Carrying amount at 31 December	**65,936**	**65,763**	**65,936**	**65,763**

Equity investments in group undertakings may be specified as follows:

Name	Registered office	Voting rights and ownership interest
JN Data A/S	Silkeborg	20%

12: Other fixed asset investments

	Group	Parent company
DKK thousand	Other debtors	Other debtors
Cost at 1 January	151	4,877
Additions in the year	5,489	5,489
Disposals in the year	0	-4,726
Cost at 31 December	5,640	5,640
Carrying amount at 31 December	**5,640**	**5,640**

13: Prepayments

Accrued income and deferred expenses consist primarily of prepaid costs regarding software contracts, etc. and salaries.

14: Equity

The company capital consists of 1,734,920 shares of nominally DKK thousand 100. No shares carry special rights.

The company's own equity investments comprise nominally 34,700, corresponding to 0.02% of the company's total capital (2018: 2.4%), which has been acquired temporarily in connection with shareholders' discontinuation as customers of SDC A/S.

The company capital has developed as follows:

DKK thousand	2019	2018	2017	2016	2015
Company capital at 1 January	173,492	173,110	173,110	173,110	173,110
Cash capital increase	0	382	0	0	0
Company capital at 31 December	**173,492**	**173,492**	**173,110**	**173,110**	**173,110**

15: Distribution of net profit

	Parent company	
DKK thousand	2019	2018
Reserve for net revaluation according to the equity method	-249,454	6,766
Retained earnings	261,599	-1,185
	12,145	**5,581**

16: Deferred tax asset

	Group		Parent company	
DKK thousand	2019	2018	2019	2018
Deferred tax asset at 1 January	43,023	42,888	43,603	45,731
Amount recognised in the income statement for the year	-696	135	-1,276	-2,128
Deferred tax asset at 31 December	**42,327**	**43,023**	**42,327**	**43,603**

The recognised tax asset consists primarily of deferred tax regarding tax loss carryforwards.
The Group has non-recognised tax asset of DKK thousand 23,635 (2018: DKK thousand 37,633). The Group has prepared a plan for utilisation of the recognised tax asset.
The recognised tax asset is expected to be utilised within the next ten years.

17: Other provisions

Other provisions at 31 December 2019 comprises obligations regarding completion of projects and obligations regarding sale of property.

Other provisions	64,219	57,052	44,019	57,052
	64,219	**57,052**	**44,019**	**57,052**

18: Long-term debt

Repayments falling due within one year are stated under short-term debt.
Other liabilities are recognised under long-term debt.
Creditors fall due for payment in the following order:

	Group		Parent company	
DKK thousand	2019	2018	2019	2018
Debt to mortgage credit institutions				
After 5 years	0	143,710	0	0
Between 1 and 5 years	0	45,976	0	0
Long-term part	0	189,686	0	0
Within 1 year	0	11,438	0	0
	0	**201,124**	**0**	**0**
Amounts owed to group undertakings				
After 5 years	0	0	0	145,204
Between 1 and 5 years	0	0	0	46,444
Long-term part	0	0	0	191,648
Other short-term debt group undertakings	0	0	227,648	119,672
	0	**0**	**227,648**	**311,320**
Other debt				
After 5 years	0	4,035	0	0
Between 1 and 5 years	15,943	4,612	15,943	0
Long-term part	15,943	8,647	15,943	0
Other short-term debt	69,936	97,656	69,489	92,028
	85,879	**106,303**	**85,432**	**92,028**

19: Prepayments

Deferred income and accrued expenses comprise prepayments received concerning income in subsequent financial years.

20: Cash flow statement – adjustments

	Group	
DKK thousand	2019	2018
Financial income	-581	-892
Financial expenses	11,361	8,976
Depreciation, amortisation and impairment losses including profit and loss on sale	247,085	271,817
Income from equity investments in group undertakings	-173	-5,763
Tax on profit or loss for the year	3,882	1,186
	261,574	**275,324**

21: Cash flow statement – change in working capital

Change in inventories	-54	-87
Change in receivables	17,671	-46.948
Change in other provisions	7,167	-14,763
Change in suppliers, etc.	37,508	87.692
Adjustment of interest hedging instruments at fair value	-8,535	-870
	53,757	**25,024**

22: Contingencies and other financial liabilities

Charges and security
The following assets have been provided as security to mortgage credit institutions:

	Group		Parent company	
DKK thousand	2019	2018	2019	2018
Land and buildings with a book value of	0	389,444	0	0

Other contingencies
SDC A/S is the administration company for joint taxation of the Danish companies in the Group. The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The Group's companies are also jointly and severally liable for Danish tax at source in the form of dividend tax, royalty tax and interest tax.
Any subsequent adjustment to corporation tax and tax at source may increase the Group's liability.

SDC A/S (the parent company) has concluded agreements with service suppliers regarding delivery of IT services.
Upon withdrawal from these agreements, SDC A/S is obliged to pay a total of DKK thousand 141,895.

The Group has concluded agreements and contracts with a total obligation of DKK thousand 353,706 regarding IT services, facility management and rent.

23: Related parties

Transactions
Related parties comprises SDC Ejendomme A/S in solvent liquidation. Furthermore, related parties include the company's executive board and board of directors. Transactions with related parties have also included ordinary sale of services and management fee.

24: Fee for auditor elected by the general meeting

	Group		Parent company	
DKK thousand	**2019**	**2018**	**2019**	**2018**
Services				
Statutory audit	360	395	335	335
System audit	410	404	410	404
Tax consultancy	1,451	1,806	1,162	1,786
Other reports (system audit)	886	583	886	583
Assistance regarding sale of domicile	3,835	0	0	0
Other services	1,226	1,458	1,226	1,438
	8,168	**4,646**	**4,019**	**4,546**
Project related services				
Advisory platform	1,301	0	1,301	0
MiFID, Investment advisory services & Asset Management	1,656	5,406	1,656	5,406
Financial accounting and EDW	7,191	6,657	7,191	6,657
IFRS9	0	4,742	0	4,742
Project advisory services	599	554	599	554
	10,747	**17,539**	**10,747**	**17,539**
	18,915	**22,005**	**14,766**	**21,905**

Events after 31 December 2019

By the end of the financial year 31 December 2019, SDC expected to deliver the same revenue in 2020 as in 2019 and profit/loss after tax for 2020 corresponding to DKK +/-5 million. The spread of COVID-19 from March 2020 has of course created uncertainty about this.
The character of SDC's business in combination with the company's digital preparedness means that SDC's activities can be carried out digitally from remote and home work stations to a very large extent, and inflow of tasks from customers and deliveries to customers are not depending on physical contact. On the other hand, the Corona crisis and not least the derived financial consequences from the crisis may affect the customers' demand in the long term. However, at the beginning of the financial year, SDC has good volume of orders which help secure a large proportion of SDC's revenue in 2020. Therefore, COVID-19 is, all things considered, expected to have a reduced effect on SDC's revenue and result for 2020.

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