

2024 Financial Report

Free translation of the
original report in French

To the Shareholders of
SWORD GROUP SE
Société européenne

R.C.S. Luxembourg B168244

2-4, rue d'Arlon
L-8399 - WINDHOF
Luxembourg

AUDITOR'S REPORT RELATED TO THE AGREED UPON PROCEDURES PERFORMED ON THE TRANSLATED CONSOLIDATED FINANCIAL STATEMENTS AND STATUTORY FINANCIAL STATEMENTS

We have performed the procedures agreed with you and enumerated below with respect to the translated consolidated financial statements prepared under IFRS as adopted by the European Union and statutory financial statements prepared in accordance with Luxembourg legal and regulatory requirements of Sword Group SE as at 31 December 2024, set forth in the accompanying schedules.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the translated consolidated financial statements prepared under IFRS as adopted by the European Union and statutory financial statements prepared in accordance with Luxembourg legal and regulatory requirements for the year ended 31 December 2024 and are summarized as follows:

1. We obtained and read the free translation from French to English of the consolidated financial statements prepared under IFRS as adopted by European Union and the statutory financial statements prepared in accordance with Luxembourg legal and regulatory requirements, and we identified the discrepancies which could be misleading for the users of these financial statements.
2. We suggested a wording deemed more appropriate in the circumstances.
3. We checked the final translation based on our comments.

We report our findings below:

With respect to item 1, 2 and 3 we find the Sword Group SE 2024 Financial Report to be consistent with the original French version.

We remind you, in accordance with our engagement terms, that in case of any discrepancy which may be noted between the English translation and the French original version, only the French original version shall be considered the legal binding document on which our audit opinions have been signed. Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the translated consolidated financial statements prepared under IFRS as adopted by the European Union and statutory financial statements prepared in accordance with Luxembourg legal and regulatory requirements for the year ended 31 December 2024. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties.

Luxembourg, 20 June 2025

For Forvis Mazars, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L-1882 LUXEMBOURG

Signed by:
A digital signature of Valentin CIUDIN, featuring a blue checkmark icon and the name "Valentin CIUDIN" in a stylized font.
39FC54CC10A9418...

Valentin CIUDIN
Réviseur d'entreprises agréé

CONTENTS

MESSAGE FROM THE CHAIRMAN

1 ABOUT THE GROUP	8
1.1 The Group and its activities as at 31 December 2024	8
1.2 How Sword sets itself apart	9
1.3 Timeline	10
1.4 Group Organisation Chart as at 31 December 2024	11
1.5 Key data and indicators for 2024	12
2 MANAGEMENT REPORT	15
2.1 EBITDA	15
2.2 Debt, cash flow and investments	15
2.3 Acquisitions and disposals	15
2.4 Provisioning policy	15
2.5 Alternative performance indicators	15
2.6 How the Group is organised	16
2.7 Strategy and outlook	16
2.8 Highlights of the year 2024	17
2.9 Assessment of the value of goodwill and other intangible assets	17
2.10 Approval of the consolidated financial statements	17
2.11 Proposed allocation of profit or loss	17
2.12 Share and shareholder structure	18
2.13 Subsequent events	22
3 CORPORATE GOVERNANCE *	24
3.1 Introduction	24
3.2 Corporate Governance Charter	24
3.3 Board of Directors	24
4 RISK FACTORS AND CONTROLS *	34
4.1 Risks related to the Group's activities	34
4.2 Financial and non-financial risks	35
4.3 Insurance	37
4.4 Internal control system	37
4.5 Extraordinary events and litigation	38
5 CORPORATE RESPONSIBILITY *	40
5.1 Background	40
5.2 The Group's values	40
5.3 Strengthening of cross-cutting functions	40
5.4 Double materiality assessment and CSR risk management	41
5.5 Sword a signatory to the United Nations Global Compact	43
5.6 The ESG strategy	44
5.7 Our priorities	45
5.8 Assessment by non-financial rating agencies	45
5.9 Governance	46

5.10	Suppliers and partners	46
5.11	Social engagement	47
5.12	Data security	47
5.13	Employees	48
5.14	Carbon footprint and energy efficiency.....	49
5.15	Green taxonomy.....	52
6	CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024.....	58
6.1	Consolidated statement of financial position	58
6.2	Consolidated statement of financial position (continued)	59
6.3	Consolidated income statement	60
6.4	Consolidated statement of comprehensive income	61
6.5	Consolidated statement of changes in equity	62
6.6	Consolidated statement of cash flows	63
6.7	Notes to the consolidated financial statements	65
NOTE 1.	GENERAL INFORMATION	65
NOTE 2.	BASIS FOR PREPARATION AND ACCOUNTING PRINCIPLES	66
NOTE 3.	ACCOUNTING ESTIMATES AND JUDGEMENTS	84
NOTE 4.	FINANCIAL RISK MANAGEMENT POLICY	87
NOTE 5.	FAIR-VALUE MEASUREMENT	91
NOTE 6.	FINANCIAL ASSETS AND LIABILITIES BY ACCOUNTING CATEGORY	95
NOTE 7.	BREAKDOWN OF REVENUE	96
NOTE 8.	ASSETS AND LIABILITIES RELATING TO REVENUE RECOGNITION	96
NOTE 9.	SEGMENT INFORMATION.....	97
NOTE 10.	GROUP INFORMATION	100
NOTE 11.	BUSINESS COMBINATIONS AND ACQUISITIONS	104
NOTE 12.	DISPOSALS	106
NOTE 13.	ASSOCIATES.....	107
NOTE 14.	GOODWILL	108
NOTE 15.	OTHER INTANGIBLE ASSETS	110
NOTE 16.	PROPERTY, PLANT AND EQUIPMENT	111
NOTE 17.	LEASES.....	112
NOTE 18.	TRADE AND OTHER RECEIVABLES	113
NOTE 19.	OTHER ASSETS	114
NOTE 20.	CASH AND CASH EQUIVALENTS	114
NOTE 21.	PENSION PLANS.....	114
NOTE 22.	OTHER PROVISIONS	116
NOTE 23.	OTHER FINANCIAL DEBTS.....	116
NOTE 24.	TRADE AND OTHER PAYABLES	117
NOTE 25.	OTHER LIABILITIES.....	117
NOTE 26.	TAXES	118
NOTE 27.	PERSONNEL EXPENSES	119

NOTE 28.	OTHER EXTERNAL CHARGES	119
NOTE 29.	ALLOCATIONS TO PROVISIONS AND REVERSALS OF PROVISIONS	120
NOTE 30.	INCOME FROM DISPOSALS OF ASSETS AND SUBSIDIARIES	121
NOTE 31.	IMPAIRMENT LOSS ON ASSETS	121
NOTE 32.	OTHER NON-RECURRING ITEMS	121
NOTE 33.	FINANCIAL RESULT	122
NOTE 34.	EARNINGS PER SHARE	122
NOTE 35.	SHARE CAPITAL	122
NOTE 36.	OWN SHARES	122
NOTE 37.	DIVIDENDS	123
NOTE 38.	RELATED-PARTY TRANSACTIONS	123
NOTE 39.	OFF-BALANCE-SHEET COMMITMENTS	124
NOTE 40.	CONTINGENT LIABILITIES	124
NOTE 41.	AUDITORS' FEES	124
NOTE 42.	SUBSEQUENT EVENTS	124
6.8	Report of the réviseur d'entreprises agréé (statutory auditor) on the consolidated financial statements	125
7	CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024	133
7.1	Balance sheet as at 31 December 2024	133
7.2	Income statement for the year ended 31 December 2024	137
7.3	Notes for the year ended 31 December 2024	139
7.4	Report of the réviseur d'entreprises agréé (statutory auditor) on the financial statements	150
8	ADDITIONAL INFORMATION	156
8.1	Memorandum and Articles of Association	156
8.2	Documents available to the public	159
8.3	Person in charge of the annual report	159
8.4	Statutory auditors of the accounts	159
8.5	Statement by the person in charge of the annual financial report	159
9	OFFICES AND CONTACT DETAILS	161



MESSAGE FROM THE CHAIRMAN

MESSAGE FROM THE CHAIRMAN

Dear shareholders, clients, employees and partners,

As we embark on 2025, I would like to share with you my pride in working with all Sword Group stakeholders, whether employees, clients or shareholders.

Our key value remains the quality of our members of staff who accept and take on all the tasks which contribute to our sustainability and success.

Sword is now committed, with great confidence, to achieving its 2028 Business Plan.

We are approaching this new period with a clear strategic vision, anticipating developments in our markets and transforming every challenge, risk or constraint into a real opportunity for growth.

I would like to thank you for your commitment to us and to assure you of our determination to succeed.



Jacques Mottard
Chairman and Founder of Sword Group



01 ABOUT THE GROUP

1 ABOUT THE GROUP

1.1 The Group and its activities as at 31 December 2024

Sword Group is a world-leading IT and digital transformation partner that helps streamline its clients' businesses, improve quality and reduce costs.

Leadership

- Scotland | number 1 in the oil & gas sector
- England | number 1 in the renewables sector
- Benelux – Greece – Spain | number 1 for the European Union institutions
- French-speaking Switzerland | number 2 in the luxury goods industry and sport and for the United Nations agencies

One of the key factors in Sword's success is the local service it fosters with its clients. Sword provides its clients with high-value-added know-how, a high production capacity and an optimised economic approach.

To meet its clients' strategic challenges and their need both to make changes to their technological environments and to update their business processes, Sword is divided into specialist competence centres (Business Units).

As at 31 December 2024, Sword Group employed over 3,200 people and had a consolidated revenue of €323 million.

1.1.1 Services business

Creating value through technology and innovations



Services: Sword advises companies on implementing innovative solutions, technically develops and integrates these solutions, and accelerates internal and external digital transformation programmes.

1.1.2 Software Components business

Adding value through innovative software solutions. The revenue from this business is included in the Services division as it is not yet significant enough in terms of volume.

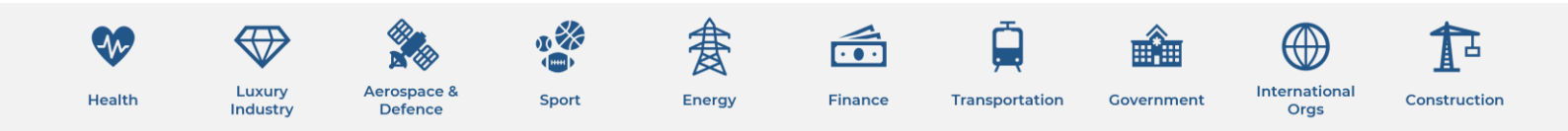


- Sword Aequos | Set of SharePoint web parts for any person or company wanting to create a flexible and customisable data viewing and search experience.
- Sword Phusion | Software to model, capture and manage information in a single, accessible and reliable form.
- Sword Tell | CAD software for watch manufacturers.
- Sword Venue | Digital collaborative solution with a toolbox to help you plan and deliver your venues better and faster while reducing risk and cost.

1.1.3 Markets



Sword's range of services is designed for the local and international operations of all key accounts and public institutions. With its technological and methodological expertise, Sword is a market leader in a number of countries.

Sword has developed unique expertise in the following targeted markets:



In these markets Sword is a day-to-day partner for these organisations across its entire range of services, providing them with support for their IT strategy and key operational issues. As a rule of thumb, Sword operates in highly regulated markets where knowledge of current regulations is critical.

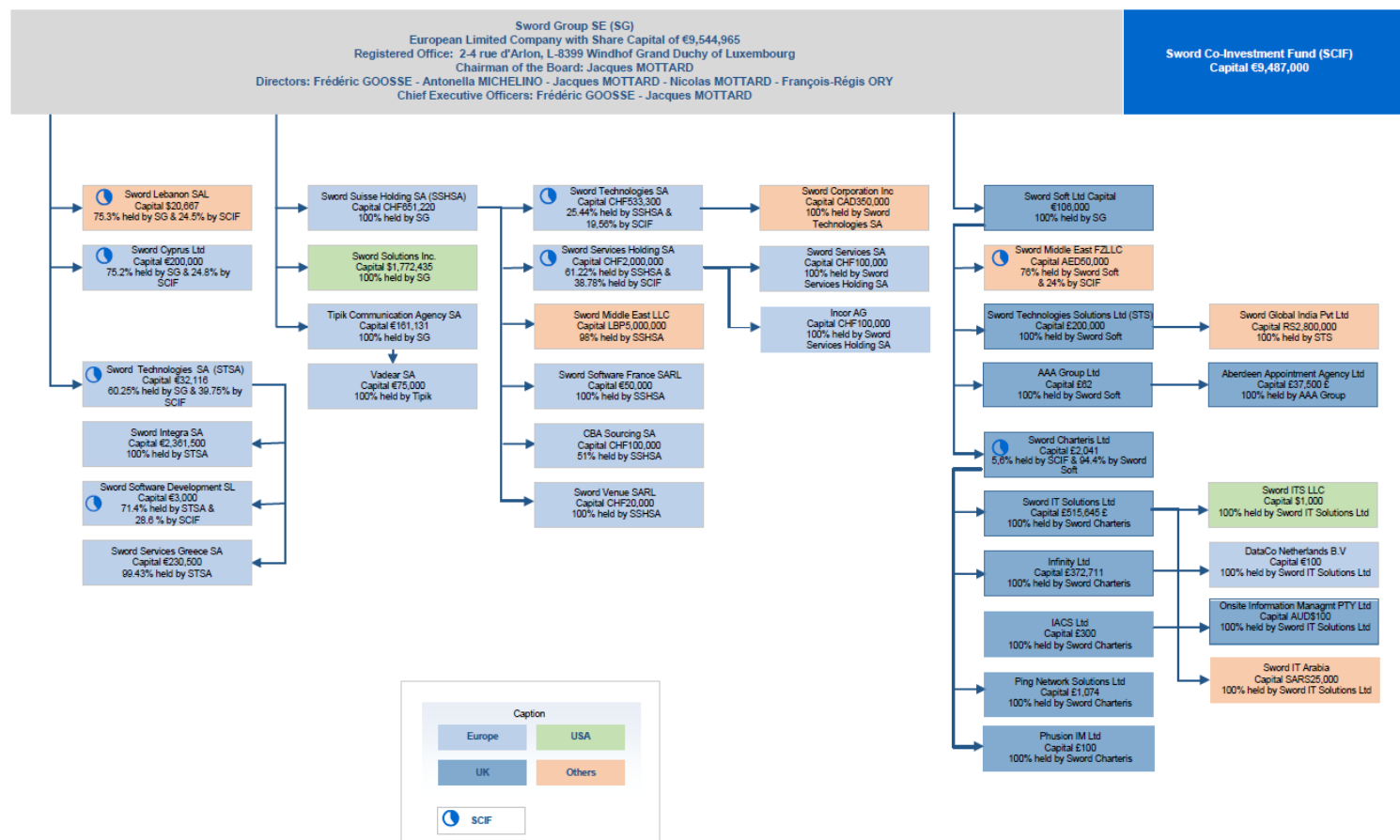
1.2 How Sword sets itself apart

 <p>EXTENSIVE DELEGATION AT COUNTRY BUs LEVELS</p>	 <p>TEAM SPIRIT: RESPECT RIGOUR INVOLVEMENT</p>	 <p>REWARDING AMBITION AND ENTREPRENEURSHIP</p>	 <p>FLAT STRUCTURE</p>
 <p>HYPER-REACTIVE</p>	 <p>CLOSE MONITORING</p>	 <p>BOTTOM UP APPROACH</p>	 <p>OPPORTUNISTIC STRATEGY</p>

1.3 Timeline



1.4 Group Organisation Chart as at 31 December 2024



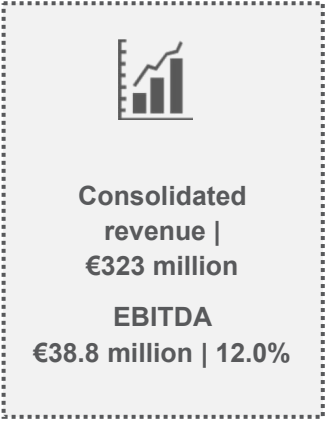
As at 31 December 2024, the Group had offices in 17 countries (Belgium, Canada, Cyprus, England, France, Greece, India, Ireland, Lebanon, Luxembourg, the Netherlands, Saudi Arabia, Scotland, Spain, Switzerland, the United Arab Emirates and the United States) and was working on projects in some 50 nations.

1.5 Key data and indicators for 2024

A sustainable, growing, financially secure company listed on Euronext Paris.

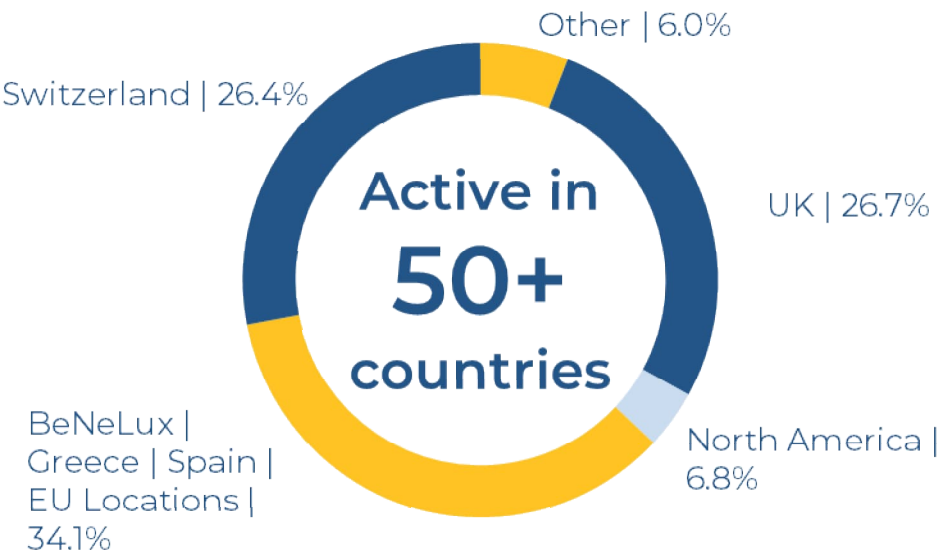


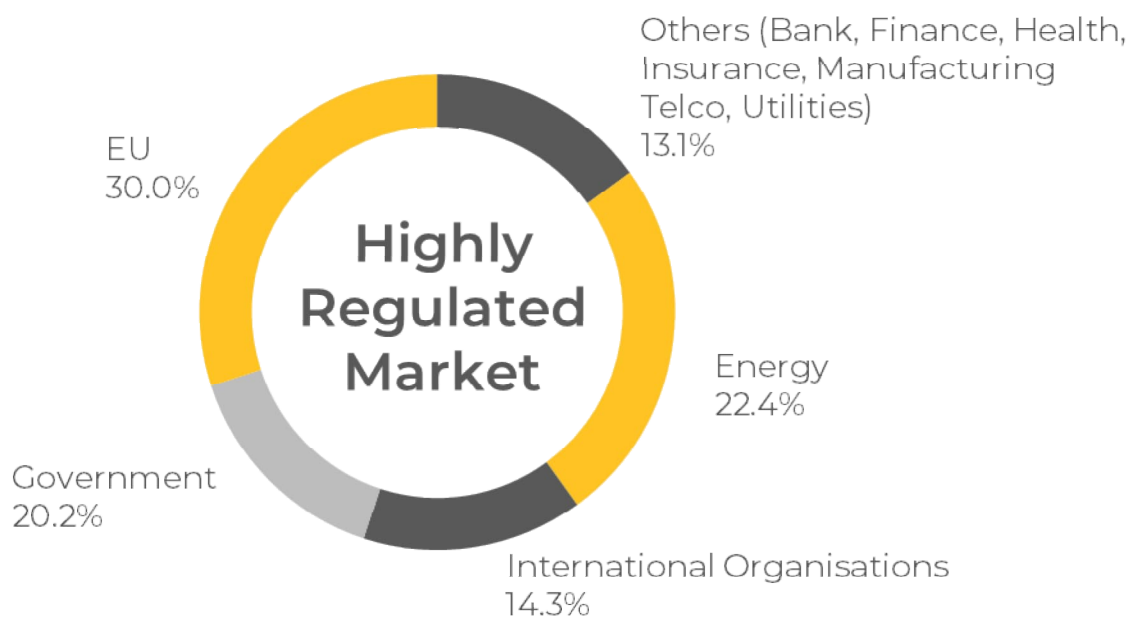
1.5.1 2024 | Performance



1.5.2 Breakdown of 2024 revenue | By country & by market

BY COUNTRY



BY MARKET**1.5.3 Consolidated financial statements | Condensed**

In thousands of €	31/12/2024	31/12/2023	31/12/2022
Revenue	323,015	288,128	272,257
EBITDA	38,819	34,850	35,059
Profit for the year	22,122	23,109	109,778
Non-current assets	107,752	94,109	97,819
Cash and cash equivalents	70,620	62,587	57,138
Equity	97,110	105,410	101,544
Balance-sheet total	292,547	250,543	244,696

Consolidated revenue stood at €323.0 million in 2024, with profitability of 12.0% (EBITDA).

The backlog as at 31 December 2024 was 21.1 months of revenue compared to the budgeted revenue for 2025 on a like-for-like basis.



02 MANAGEMENT REPORT

2 **MANAGEMENT REPORT**

Sword Group has been making world-leading organisations more efficient and more profitable for over 20 years. Sword Group's culture, with its dynamic and diverse project teams, supports the Group's growth and the development of its staff. With a headcount of over 3,200 employees, the Group achieved consolidated revenue of €323.0 million in 2024.

2.1 **EBITDA**

Consolidated EBITDA in 2024 was €38,819,000, i.e. 12.0% of 2024 revenue.

2.2 **Debt, cash flow and investments**

The net cash position, excluding IFRS, corresponds to net cash adjusted for lease obligations and commitments related to share plans, including own shares. It fell from €32.6 million as at 31 December 2023 to €17.8 million as at 31 December 2024.

The cash flow generated by operating activities came to €23,217,000.

Gross investments for the year, both intangible (excluding goodwill, market shares and business capital) and tangible, stood at €4,145,000.

2.3 **Acquisitions and disposals**

The operations are detailed in the "Highlights" and "Subsequent events" sections of this report.

2.4 **Provisioning policy**

The level of provisions for risks and contingencies is due to Business Unit Directors' rigorous approach regarding the risks covered.

Provisions are recognised for these risks and contingencies on the basis of the best estimate of costs likely to be incurred. The total sum of provisions for risks and contingencies stood at €485,000 in the consolidated financial statements as at 31 December 2024.

2.5 **Alternative performance indicators**

The non-IFRS financial indicators presented in the annual report do not fall under a set of accounting standards or principles and must not be considered a substitute for the accounting aggregates presented in accordance with the IFRS standards. The non-IFRS financial indicators must be read in conjunction with the consolidated financial statements prepared in accordance with the IFRS standards. It is also possible that Sword Group's non-IFRS financial indicators will not be comparable with other non-IFRS data used by other companies.

Management uses non-IFRS financial indicators, in addition to IFRS financial information, to assess its operating performance, evaluate its ability to generate cash flow, take strategic and operational decisions and plan and set its growth objectives. The Group believes that the non-IFRS financial indicators also provide investors and financial analysts with a relevant basis for assessing the Group's operational performance over time and comparing it with that of other companies in its sector, as well as for meeting its development needs.

The Group mainly uses two non-IFRS financial indicators, i.e. the organic growth rate and a measure of profitability calculated on the basis of the EBITDA.

Organic growth is defined as revenue growth on a like-for-like basis. Organic growth on a constant exchange-rate basis corresponds to revenue growth on a like-for-like basis and at constant exchange rates.

To measure revenue growth on a like-for-like basis, the Group takes as its starting point the consolidation scope as at the end of the benchmark year (in this case 31 December 2024). Therefore, the consolidated revenue for the year under review (year N) and the previous year (year N-1) has been restated as follows:

- it includes revenue generated by entities acquired during year N prior to the date on which the Group took control;
- it does not include revenue generated for year N-1 and year N by companies sold during year N.

When reference is made to changes in revenue at constant exchange rates, the impact of exchange rates is eliminated by recalculating the revenue for year N-1 on the basis of exchange rates used for year N.

Organic growth can be used to assess the Group's ability to generate internal growth, in other words its ability to develop its business activities and create added value.

This report presents growth in revenue in terms of historical value before restatement, or on a like-for-like or constant exchange-rate basis.

Group profitability is defined as a gross margin rate by comparing EBITDA with revenue.

EBITDA corresponds to revenue less purchases, personnel expenses, other external charges, allocations to provisions and other current operating expenses, plus reversals of provisions and other current operating income, as presented in the consolidated income statement. In the income statement, reference is made to "Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring items".

This profitability indicator has two objectives:

- to assess the Group's development in the medium term (excluding non-recurring costs);
- to assess the Group's capacity to generate cash flow arising from day-to-day operations (in other words, its self-financing capacity).

In addition to the indicators described above, the Group uses EBIT (see definition below) as a starting point for assessing free cash flow when it conducts goodwill impairment tests. A sensitivity analysis is conducted in the context of these tests. It aims to ensure fluctuations, within a reasonable range, in the scenarios used as a basis for estimated financial forecasts, including EBIT expressed as a percentage of revenue.

EBIT (listed as "Earnings before interest and taxes, excluding non-recurring items" in the consolidated income statement) is an aggregate similar to EBITDA, except that it provides an indication of the Group's operating margin after deducting depreciation charges, i.e. after taking account of its investment structure.

2.6 How the Group is organised

The Group is organised around the following senior management and administrative bodies:

- the Board of Directors, comprising five members;
- the Audit Committee, made up of one independent director, with a new member due to be appointed after the General Meeting of 28 April 2025;
- the Remuneration Committee and Appointments, Governance, Ethics and Corporate Responsibility Committee (combined into a single committee), comprising two independent directors;
- the Executive Management, comprising five directors;
- the Management Committee, consisting of the five CEOs and 12 operations directors.

The mission, composition and modus operandi of the senior management and administrative bodies are set out in the Governance section.

2.7 Strategy and outlook

Sword Group's strategy is essentially based on a policy of specialisation in digital technology for stable segments (e.g. Public Sector, Sport, EU Institutions, Governments, International Organisations, United Nations Agencies, and Energy). This strategy promotes organic rather than external growth.

The Group confirms its 2024–2028 Strategic Plan.

This business plan forecasts double-digit organic growth annually, while maintaining a profitability rate of 12%.

The budgeted revenue for 2025 is in excess of €363 million with an EBITDA margin of over 12%.

Acquisitions will remain an additional means of consolidating the Group's competitive position.

2.8 Highlights of the year 2024

The highlights of the year 2024 are as follows:

- With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd, an IT recruitment and placement company based in Aberdeen, Scotland. Following this partial sale, the 49% of shares still held by the Group were classified as shares accounted for under the equity method.

In the meantime, AAA Group Ltd has restructured its offer around artificial intelligence, using tools developed by Sword Group. As at 1 April 2024, in view of the reorientation of the activities of AAA Group Ltd, the Group offered to buy for €740,000 the 51% of shares issued by that company and previously sold in 2023. For the year ended 31 December 2024, AAA Group Ltd was fully consolidated. This acquisition was part of the Group's strategy to strengthen its position in the field of artificial intelligence.

- On 28 June 2024, the Group acquired 100% of the shares in IACS Consulting Ltd for GBP 3,667,000 (equivalent to €4,127,000), excluding any additional payments or adjustments. IACS Consulting Ltd is an Aberdeen-based company that specialises in cybersecurity for industrial automation control systems.
- On 1 July 2024, the Group acquired 100% of the shares in Incor AG for CHF 2,107,000 (equivalent to €2,187,000), excluding deferred and additional payments. This company, based in Bern (Switzerland), works in IT project consultancy, implementation and monitoring and software development, with a particular focus on digital transformation. It concentrates mainly on the public institutions of the Swiss Confederation.

2.9 Assessment of the value of goodwill and other intangible assets

An accountancy firm assisted the Group with goodwill impairment testing. The results of these tests are set out in Note 14.3 to the consolidated financial statements.

2.10 Approval of the consolidated financial statements

We invite you to approve the consolidated financial statements for the year ended 31 December 2024 (balance sheet, income statement and notes) as submitted to you and which reveal a total consolidated profit of €22,122,000 (of which the Group share is €21,809,000).

2.11 Proposed allocation of profit or loss

We invite you to approve the corporate accounts for the year ended 31 December 2024 (balance sheet, income statement and notes) as submitted to you and which reveal a profit of €6,537,142.54. We remind you that the sum of €3,898,939.80 appears under "Reserve for own shares", given that the Company held 109,914 own shares as at 31 December 2024.

Profit for the year	€6,537,142.54
<i>with the addition of the following items:</i>	
Distributable profit or loss carried forward	€128,634,706.92
Share premium	€70,676,064.46
resulting in a distributable profit of:	€205,847,913.92
<i>which is appropriated to the following items:</i>	
Profit or loss brought forward	€186,757,983.92
Dividend payout	€19,089,930.00

The gross dividend per share proposed to the General Meeting of Shareholders on 28 April 2025 will be €2.00.

In terms of taxation, in accordance with Luxembourg law, dividend payouts are in principle subject to 15% withholding tax in Luxembourg.

However, this rate can be reduced under both tax treaties signed by Luxembourg and European law, depending on the tax residence of the beneficiary and under the beneficiary's own responsibility. In such a case, a claim for a refund shall be submitted to the Luxembourg Direct Tax Administration (*Administration des Contributions Directes*, or ACD) no later than 31 December of the year following the payment of the withholding tax, using form 901bis (https://impotsdirects.public.lu/dam-assets/fr/formulaires/retenue_a_la_source/pluriannuel/901bis-FR-EN.pdf).

In addition, subject to tax treaties and the legislation applicable in the beneficiary's country of residence, any withholding tax in Luxembourg will be eligible for a tax credit of the same amount on the tax due in that country of residence.

For information purposes, in the view of the French authorities, conventional tax credits related to the proceeds of securities of European companies registered in a PEA share savings plan and whose issuers do not have their registered office in France are not entitled to reimbursement, in so far as income from shares invested in the PEA is tax-exempt income (see e.g. BOI-RPPM-RCM-40-50-30-20150115 of 15 January 2015).

2.12 Share and shareholder structure

Shareholders are kindly informed that they are convened to an Ordinary and Extraordinary General Meeting to be held at the registered office on **28 April 2025 at 11 a.m.**, to deliberate on the following agenda:

Within the competence of the General Meeting taking decisions under the quorum and majority conditions required for Ordinary General Meetings:

- reading of the Board of Directors' management report, including the Group management report and the report on the conclusion of agreements covered by Article L.441-7 of the Law of 10 August 1915, as amended, relating to the year ended 31 December 2024;
- reading of the statutory auditor's report on the 2024 financial statements, the Group's consolidated financial statements and the performance of its duties;
- approval of the corporate accounts as at 31 December 2024;
- approval of the consolidated financial statements as at 31 December 2024;
- the allocation of profit or loss for the year ended 31 December 2024;
- discharge granted to the directors for their management duties for the year 2024;
- report on the remuneration awarded to directors in 2024;
- approval of the report on the remuneration and appointments policy;
- appointment of a new director;
- approval of the directors' annual remuneration;
- discharge granted to the statutory auditor for its duties for the year 2024;
- the reappointment of the statutory auditor;
- the authority to complete formalities.

Within the competence of the General Meeting taking decisions under the quorum and majority conditions required for Extraordinary General Meetings:

- cancellation of the share repurchase programme adopted by the Extraordinary General Meeting of 28 April 2023 and granting of authorisation to the Board of Directors for the Company to repurchase its own shares under a new repurchase programme;
- granting of authorisation to the Board of Directors to reduce the share capital by cancelling shares acquired when the Company purchases its own shares;
- the authority to complete formalities.

Any shareholder, regardless of how many shares they hold, is entitled to participate in General Meetings or to be represented by proxy or vote by post there.

2.12.1 Share capital

The share capital is €9,544,965 (nine million five hundred and forty-four thousand nine hundred and sixty-five euros). It is divided into 9,544,965 shares worth €1 each, fully paid up and all of the same category. There were no reported cases of a threshold being crossed in 2024.

2.12.2 Breakdown of capital and control

Main shareholders

- Jacques Mottard holds 17.9% of voting rights, if Financière Sémaphore as the Group's lead holding company is included. Financière Sémaphore has significant influence over the Group's strategy, policy and development.
- Eximium holds 20.0% of the capital.
- The floating shareholders represent 59.3% of the capital.

Breakdown of capital as at year end (31 December 2024)

Shareholders	Number of shares	% of capital
Financière Sémaphore	1,706,280	17.9%
Eximium	1,910,866	20.0%
Own shares	109,214	1.1%
Employees and miscellaneous registered shareholders	160,124	1.7%
Floating shareholders	5,658,481	59.3%
Total	9,544,965	-

2.12.3 Dividends

The gross dividend per share proposed to the General Meeting of Shareholders on 28 April 2025 will be €2.00.

2.12.4 Stock-market performance

Sword Group SE is listed on Euronext Paris (Compartment B). The number of shares in circulation is 9,435,751 (i.e. 9,544,965 shares less own shares as at 31 December 2024).

Information concerning the Company's share price is available on its website (<https://www.sword-group.com/investors/>).

Sword Group SE shares are included in the following indices: ICB: 9530 Software and IT Services, Indices CAC® All-Share, CAC® Mid & Small, CAC® Technology, EN TECH Leaders, EN TECH Croissance.

- Variations in the share price:

2024	As at 31 January 2025
Highest closing price: €39.15 (on 2 January 2024)	Highest closing price: €36.40 (on 6 January 2025)
Lowest closing price: €30.05 (on 9 September 2024)	Lowest closing price: €33.40 (on 21 January 2025)
Number of shares traded on the stock market: 6,123 ⁽¹⁾	Number of shares traded on the stock market: 10,891 ⁽²⁾

⁽¹⁾ This is the average number of shares traded daily in 2024. A total of 1,567,411 shares were traded during the year.

⁽²⁾ This is the average number of shares traded daily in January 2025. A total of 239,611 shares were traded during the month.



2.12.5 Repurchase of own shares

The Company may hold own shares under the share repurchase programme authorised by the Extraordinary General Meeting on 28 April 2023 up to a maximum overall investment equivalent to the value of 50% of the share capital on the date of the Board of Directors' meeting, including shares bought back under purchase authorisations previously granted by the General Meeting of Shareholders, for a period of five (5) years. The objectives of share ownership under this programme are as follows:

- to provide stability for the market or liquidity as part of a liquidity contract entered into with a certified provider;
- to make purchases to retain shares in the event of a block sale of the Company's shares by third parties representing more than 5% of the share capital and which could have a potentially detrimental effect on the share price;
- to cancel shares up to a maximum of 50% of the Company's share capital, over a period of 24 months, subject to its Extraordinary General Meeting of Shareholders authorising its capital reduction.

The same Extraordinary General Meeting on 28 April 2023 authorised the Board of Directors to reduce the share capital by cancelling shares acquired through the Company's own share repurchase programme, up to a maximum of 50% of its share capital over a period of 24 months and for a period of five (5) years.

Information on the acquisition and sale by the Company of own shares as at 31 December 2024:

Number of shares held by the Company as at 31 December 2023	142,914
Number of shares purchased in 2024	143,815
Number of shares sold in 2024	177,515
Number of shares held by the Company as at 31 December 2024	109,214

The Company acquired own shares in accordance with the authorisation granted to the Board of Directors by the Extraordinary General Meeting of 28 April 2023 in its Resolution 13, in connection with the objectives agreed by that meeting.

There remain 100,459 own shares that were acquired as part of a capital reduction to be carried out over a 24-month period, i.e. by the end of October 2025 at the latest.

A total of 66,397 own shares acquired in 2023 as part of the capital reduction were resold in 2024, yielding a capital gain of €76,000. No own shares were cancelled during the year 2024.

Proposal to renew the own share repurchase programme

At the General Meeting approving the 2024 financial statements, shareholders will be asked to renew the own share repurchase programme, while expanding it to include the ability to support the share price and use it for strategic operations.

This will have the following objectives:

- to provide stability for the market or liquidity as part of a liquidity contract entered into with a certified provider;
- to purchase and retain shares in the event of a block sale of Sword Group shares by third parties, representing more than 5% of the share capital and which could have a potentially detrimental effect on the share price, and to subsequently relist the said shares;
- to deliver shares in payment or exchange as part of strategic external growth operations (acquisitions, mergers, contributions in kind, etc.);
- where appropriate, to cancel shares up to a maximum of 50% of the Company's share capital, over a period of 24 months, subject to its Extraordinary General Meeting of Shareholders authorising its capital reduction.

Issuer's statement regarding transactions involving own shares as at 31 December 2024:

Percentage of capital held by the issuer either directly or indirectly			1.1%	
Number of shares cancelled in the past 24 months			-	
Number of portfolio shares held			109,214	
Portfolio carrying amount as at 31 December 2024			€3,898,939.80	
Portfolio market value as at 31 December 2024			€3,898,939.80	
	Accumulated gross flows in 2024		5	
Number of shares	Purchases 143,815	Sales 177,515	For purchase	For sale
Maximum average	-	-	-	-
Average price	€36.1914	€36.5546	-	-
Average exercise price	-	-	-	-
Amounts	€5,204,867.55	€6,488,989.82	-	-

Sword Group did not use derivatives in this share repurchase programme.

2.12.6 Information relating to transactions involving shares held by Sword Group senior executives

Sword Group's senior executives comply with all the legislative and regulatory provisions relating to transactions involving listed companies' shares.

Sword Group's senior executives regularly declare the transactions they perform involving Sword Group shares under the legal and regulatory provisions and refrain from any transactions involving Sword Group shares if they hold privileged information.

Sword Group alerts Luxembourg's Financial Sector Supervisory Commission (*Commission de Surveillance du Secteur Financier*, or CSSF) to any offences relating to the holding of privileged information, using a list of insiders it has drawn up pursuant to the legal provisions. This gives the names of all those who hold privileged information and are employed by Sword Group and of third parties who have access to such information as part of their collaboration with the Group.

During the most recent year ended, the senior executives performed no transactions involving securities.

2.12.7 Authorisation of shares issued to the Board of Directors

None

2.12.8 Information on public takeover bids

Sword Group's share capital stands at €9,544,965, represented by 9,544,965 shares with a par value of one (1) euro, fully paid up.

There are no other classes or categories of shares or of options or pre-emptive rights entitling the holders to the issue of shares of another class which could have a dilutive effect on the number of shares issued.

All shares issued entitle the holders to the same rights both in terms of their right to vote at Ordinary and Extraordinary General Meetings and their right to the dividend voted on by shareholders at General Meetings.

Note that there are no restrictions on the transfer of securities or any special right of control by certain holders of these securities. No agreement has been made between shareholders that could lead to restrictions on the transfer of securities or on voting rights.

The members of Sword Group's Board of Directors are appointed by the General Meeting following nomination by the Board of Directors. The term of office of Sword Group directors is four years. This term is renewable.

As a rule, their term of office expires at the end of the General Meeting choosing their replacement. The General Meeting may dismiss them at any time.

If a vacancy arises on the Board of Directors, this body may nominate somebody to fill this, in accordance with the rules governing such appointments. At the next General Meeting, the shareholders will make a final decision on the appointment, whose term of office will, as a rule, run for the rest of the term of the person being replaced.

2.13 Subsequent events

Reorganisation of the Management Team:

On 2 January 2025, the Group announced a change in the Management Team, with Philippe Blanche replacing Frédéric Goosse as Group CFO.



03 CORPORATE GOVERNANCE

3 **CORPORATE GOVERNANCE** *

** This chapter is an integral part of the management report.*

3.1 Introduction

From 11 April 2012 onwards, the Board of Directors decided to adhere voluntarily to the X Principles of Corporate Governance of the Luxembourg Stock Exchange.

3.2 Corporate Governance Charter

The Governance Charter presents the governance framework for the activities of Sword Group, pursuant to the X Principles of Corporate Governance of the Luxembourg Stock Exchange, to which the Company has subscribed. Its aim is to clarify the powers and responsibilities of the different entities that constitute the governance of Sword Group.

This Governance Charter complements the following existing documents:

- a management manual that sets out all of the Group's internal control procedures, a welcome manual for each employee, detailing their rights, obligations and position in the operations of Sword Group;
- a manual of the IFRS accounting principles, drafted by an independent firm;
- a technical handbook for each country that includes the quality standards in force (CMM, ISO);
- charters for each operational function (entity director, technical director, sales director, project manager, etc.);
- an Ethical Charter;
- an Audit Committee Charter;
- an Anti-Bribery Policy;
- a Data Protection Policy;
- a Whistle-Blower Policy;
- a Diversity, Equity and Inclusion (DEI) Policy;
- a Human Rights Policy.

These documents are regularly subject to a review procedure initiated by the Board of Directors.

The charters and policies are available on the company's website.

3.3 Board of Directors

3.3.1 Mission

The Board of Directors is the body responsible for the management of Sword Group. It meets as many times as is necessary to perform its duties.

The Board of Directors is a collegiate body that is responsible for making all decisions and performing any actions that are necessary or useful for the achievement of the Company's corporate purpose, with the exception of powers explicitly reserved by law or the Memorandum and Articles of Association for the General Meeting of Shareholders.

The Board of Directors has the task of managing the general course of the organisation.
As such:

- it makes the Company's strategic decisions;
- it handles any issues that need to be addressed to ensure the proper operation of the Company;
- it checks and verifies all aspects that in its opinion require monitoring.

3.3.2 Composition

The Board of Directors has the following members:



Jacques Mottard – Chairman
Term expires in 2028



François-Régis Ory – Independent Director – member of the other two Committees
Term expires in 2028



Frédéric Goosse – Director
Term expires in 2028



Nicolas Mottard – Director
Term expires in 2028



Antonella Michelino – Independent Director
Term expires in 2028

The members of the Board of Directors were chosen for their financial and/or technical expertise and their variety of professional backgrounds, ensuring that they bring a wealth of experience to the Board.

François-Régis Ory, as the founder of a listed company, has acquired through experience the operational expertise required by medium-sized companies that have to communicate with the market as listed entities.

Frédéric Goosse, as the founder of his own fiduciary company in Luxembourg, brings knowledge of the management of international holding companies in Luxembourg and the optimisation of financial flows between countries.

Nicolas Mottard, as an anaesthetist involved in several research programmes, brings to the Group essential know-how in the field of health.

Antonella Michelino, as CEO of Midas Wealth Management, brings to the Group expertise in the search for acquisition targets.

The Board of Directors' make-up reflects the Company's desire to have top-class directors on its Board with a varied skill set and proven expertise in a range of fields.

The Board has always taken care to maintain a balanced make-up, in particular by including independent directors.

The Memorandum and Articles of Association of Sword Group provide for a Board of Directors which shall have a minimum of three members and a maximum of eighteen members, except when the temporary derogation provided for mergers applies, appointed for a maximum duration of four years. The Board of Directors comprises competent and well-informed persons who have been chosen based on the specific features of the Company and its activities.

In accordance with the recommendations of the Luxembourg Stock Exchange, 50% of the Board of Directors are independent directors. Moreover, none of the above Directors have a significant holding in the share capital of the clients or suppliers of Sword Group, or in the subsidiaries of the latter.

No Directors are elected by the staff.

Given the size of the Company, and in order to improve the efficiency of the Board's decisions, the functions of the Chairman and Chief Executive Officer are not separate. For the same reasons, the appointment of a compliance officer is not considered necessary.

3.3.3 Other offices held by corporate officers in listed companies

No members of the Board of Directors held offices or positions in listed companies other than Sword Group during the year in question.

3.3.4 Modus operandi

The Board meets, performs its functions and makes decisions in compliance with applicable statutory and regulatory provisions, as complemented by the provisions of Sword Group's Memorandum and Articles of Association. Currently there are Rules of Procedure, which are published on the Group's website, but there is no teller.

With a view to carrying out all its tasks, the Board of Directors can call on the advice and resources of Financière Sémaphore, Sword Group's holding company. These resources and advice enhance the Board's ability to ensure the smooth running of the Company.

In the absence of a Works Council, no staff representative of the Company or the Group takes part on a regular basis in the Board of Directors' meetings.

The budgets are forwarded to the Board annually. The Board also receives the analytical accounts on a monthly basis and the general accounting every quarter.

The Board is informed ahead of time of any acquisition or activity creation project and more generally speaking of all significant financial operations.

For each meeting of the Board of Directors, the relevant documents in relation to the agenda are sent to the members prior to the meeting. The Directors may request, at any time of the year, any information that they consider useful on the way in which the Company goes about its business.

All the Directors, executive or otherwise, have the same access to the information and resources that are necessary for the performance of their duties.

Sword Group's Memorandum and Articles of Association provide for a Board of Directors' meeting to be held as often as the Company's interests require this.

The Group uses its law firm to send out the invitations to attend the Board meetings. The Board generally meets at the registered office, and the law firm assists the Chairman with drafting the minutes.

Within the scope of the reinforcement of the governance rules, Sword Group has laid down a set of Rules of Procedure that specify how the Board of Directors works, set up a number of committees, and laid down obligations of the Directors within the scope of their functions, in particular their ethical obligations.

The Board of Directors completes its assessment every year. The Directors consider as at the reporting date that the current functioning of the Board of Directors enables them to perform their role properly.

Main topics covered in 2024

Strategy and budgets
Acquisitions and disposals
Examination and approval of credit lines
Closing of the annual and half-yearly financial statements
Quarterly profit or loss
Equal pay and equal opportunities
Goals regarding social and environmental responsibility
Compensation for corporate officers and Board members

5 members as at 31 December 2024 | 2 nationalities | 50% independent members | 6 meetings | 90.6% attendance rate

3.3.5 Audit Committee

In specific domains, the Board of Directors may be assisted, in an advisory capacity, by specialist committees established by the Board, which also determines their role, responsibilities, composition and modus operandi.

As such, it established an Audit Committee.

The Audit Committee assists Sword Group's Board of Directors in its tasks of supervising the financial reporting, external audit and internal control processes.

The Audit Committee has the following members:

- François-Régis Ory, Chairman;
- a new member to be appointed after the General Meeting held on 28 April 2025.

The Committee's main duties include:

- monitoring the process of preparing and processing accounting and financial information;
- reviewing the financial statements and off-balance-sheet commitments;
- monitoring the consistency and appropriateness of accounting policies;
- reviewing financial policy;
- assessing the effectiveness of the systems put in place by management to identify, assess, manage and control financial and non-financial risks;
- monitoring the operation of the internal control and risk management systems with respect to the preparation and processing of accounting and financial information;
- monitoring the operation of the internal control and risk management systems with respect to the prevention of bribery/corruption and influence peddling;
- periodically reviewing the various risk maps, bribery/corruption and influence-peddling risks, and social and environmental risks;
- monitoring Internal Audit and its work, particularly with regard to procedures for the preparation and processing of accounting, financial and non-financial information;
- monitoring the statutory audit of the statutory auditors;
- checking that the principle of the statutory auditors' independence is complied with;
- granting prior authorisation for services other than the certification of accounts;
- issuing a recommendation to the Board of Directors concerning the statutory auditors proposed for appointment by the General Meeting.

Main topics covered in 2024

Monitoring of existing share deals

Implementation of a new share deals plan for 2024–2028

Risk management

Study of accelerators to complement the 2024–2028 Strategic Plan

1 member as at 31 December 2024 | 3 meetings | 100% attendance rate

3.3.6 Remuneration Committee and Appointments, Governance, Ethics and Corporate Responsibility Committee

These two committees have been merged. The members are:

- Antonella Michelino;
- Nicolas Mottard.

Their duties involve:

- recommending to the Board of Directors the remuneration policies applying to corporate officers;
- checking application of the rules used to calculate their variable remuneration;
- where applicable, making recommendations to the Executive Management about the remuneration of the Company's top executives;
- familiarising themselves with the salary policy and ensuring that it is compatible with the smooth running of the Company and the achievement of its objectives;
- preparing decisions on employee shareholding and employee savings plans;
- preparing the policy on allocation of performance shares;
- checking the quality of the information sent to shareholders concerning the remuneration, benefits and options granted to corporate officers;
- overseeing the remuneration policy for the Company's senior executives;

- overseeing the remuneration of the Chairman as well as any commitment concerning them, the remuneration of the directors and, where applicable, of the other corporate officers;
- assisting the Board of Directors in recommending and supervising the Company's policies and practices for appointing Directors;
- proposing candidates for directorships;
- ensuring the independence of directors;
- evaluating the Board of Directors and the functioning of corporate governance;
- ensuring that the values of the Group are respected, defended and promoted by its corporate officers, senior executives and employees;
- ensuring the existence of rules of good conduct in terms of competition and ethics, training, the whistle-blowing system and the disciplinary system relating to transparency, combating bribery/corruption, and the modernisation of business practice;
- ensuring the proper functioning of anti-bribery/corruption mechanisms and the suitability of the Company's Code of Conduct;
- overseeing the Company's policy on sustainable development and corporate responsibility and its consistency with Sword Group's commitments on human rights, international labour standards, the environment and the fight against corruption;
- implementing a non-discrimination and diversity policy.

Main topics covered in 2024

Certification renewals for each division

The additional charters and policies required under new regulations

The introduction of a Diversity, Equity and Inclusion (DEI) policy

The 2024 review of the GDPR policy implemented within the Group and the application thereof

Monitoring of the ESG policy improvement plan

Establishment of workshops to monitor and improve efficiency

2 members | 3 meetings | 100% attendance rate

3.3.7 Executive Management and Management Committee

The Board of Directors has delegated the day-to-day management of Sword Group and representation of the Company in this regard to two of its members, who make up the Executive Management.

Sword Group SE's Executive Management consists of Jacques Mottard, Managing Director, and Frédéric Goosse, Managing Director and Group CFO.

The Executive Management is assisted in its task by a Management Committee, also called the "extended Executive Management Committee" or "extended EMC".

The extended EMC has the following members:

- **Jacques Mottard** Chairman and Chief Executive Officer
- **Frédéric Goosse** Chief Financial Officer
Replaced by **Philippe Blanche** on 2 January 2025
- **Kevin Moreton** CEO UK | US Services
 - Greg Anderson Chief Operating Officer (Public Sector)
 - Phil Brading Chief Operating Officer (Energy Sector)
 - Rob Mossop Chief Operating Officer (Financial Sector)
 - Terry Neill Chief Operating Officer (Digital Platform)
- **Dieter Rogiers** CEO Benelux | Greece | Spain | EU
 - Michel Bonvoisin COO Luxembourg
 - Michael De Groeve COO Spain
 - Nikos Mastrogiannopoulos COO Greece
 - Gökçe Kalayci COO Tipik
- **Nasser Hammoud** CEO Middle East | India
 - Ravi Ramu COO India
- **Olivier Perrotey** CEO Switzerland
 - Lucie Jolly COO Public Sector & United Nations (Switzerland)
 - Fabrice Epailly COO Luxury (Switzerland)
- **Guillaume Mottard** Associate CEO Switzerland | Canada

The members of the EMC are selected for their managerial, technical and professional attributes and come from a range of countries and cultures, thereby providing the Group with a global outlook.

The EMC sets out the annual guidelines, monitors business activity, defines the long-term strategy, sets policy for the year, manages the annual budget and supervises the profit centres known as "Business Units".

Operational managers

The operational managers are responsible for all aspects of the subsidiaries they manage (administrative, accounting/finance, legal, operational), with a target of achieving above-market profitability and sustained double-digit growth over four years.

Share deals

The management teams and key personnel in Group entities have access to a plan whereby they invest, at their own risk, in the capital of their respective local company. The exit scenario is based on the shares being repurchased by the Group on one or more specified dates.

The potential profit from an investment plan granted to minority investors corresponds to the cumulative surplus EBIT/EBITDA in the years covered by the plan over the EBIT/EBITDA in the year prior to the plan being granted. If the valuation is less than the initial plan valuation, the minority investor will incur a capital loss when the shares are repurchased by the Group.

The new 2028 action plan focuses on several criteria: revenue growth, EBITDA margin and the generation of operating cash. The potential added value of the plan concerns excess operating cash generation rather than EBIT/EBITDA.

3.3.8 Directors' remuneration and benefits

Corporate officers are paid according to their experience and their know-how specifically within the context of the European and global markets.

The remuneration package of the senior management and administrative bodies may be made up of various components such as the granting of shares, stock options or any other right to acquire shares, attendance fees, retirement and departure conditions and other specific benefits, whether they are granted by Sword Group or its subsidiaries or companies within the Group.

The fixed and variable parts of the remuneration package are determined in a balanced manner.

If stock options are granted, the Board of Directors sets performance conditions as well as the number of shares resulting from each option that must be kept by the corporate officer until the end of their term of office.

3.3.9 Remuneration policy

Remuneration of the Chairman of the Board of Directors | Jacques Mottard

Jacques Mottard's personal remuneration consists of directors' fees and benefits in kind received in his capacity as CEO Switzerland. This remuneration should remain constant until 2025.

Financière Sémaphore S.à r.l., a company controlled by Jacques Mottard, Managing Director and Chairman and CEO of the Company, is the lead holding company of Sword Group SE. As such, a variable remuneration may be granted to Financière Sémaphore depending on the strategies proposed, coordinated and monitored. This covers the costs of Financière Sémaphore S.à r.l., whose services go beyond the role of Jacques Mottard alone.

The presentation of 2024/2023 remuneration for corporate officers below is consistent with the relevant recommendation (No. 7) of the Principles of Corporate Governance of the Luxembourg Stock Exchange relating to information on remuneration for such officers.

Table 1: Table setting out the remuneration and options and shares allocated to each corporate officer

Jacques Mottard	31/12/2024	31/12/2023
Remuneration due for the year (detailed in Table 2)	€51,802 ⁽¹⁾	€48,888 ⁽¹⁾
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€51,802 ⁽¹⁾	€48,888 ⁽¹⁾

⁽¹⁾ Financière Sémaphore S.à r.l., a company controlled by Jacques Mottard and lead holding company of Sword Group SE, billed for services relating to strategic thinking and general policy coordination, as well as consultancy and assistance services for a total amount of:

- €650,000 (excl. tax) for the year ended 31 December 2024;
- €350,000 (excl. tax) for the year ended 31 December 2023;
- €850,000 (excl. tax) for the year ended 31 December 2022.

The amount was increased in 2024, as a result of M&A operations being handled by Financière Sémaphore S.à r.l.

Financière Sémaphore S.à r.l. had three employees on 31 December 2024, carrying out its due diligence as the Group's lead holding company (including developing strategy and monitoring its implementation).

Nicolas Mottard	31/12/2024	31/12/2023
Remuneration due for the year	€35,000	€30,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€35,000	€30,000
Frédéric Gousse	31/12/2024	31/12/2023
Remuneration due for the year	€30,000	€30,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€30,000	€30,000

François Barbier	31/12/2024	31/12/2023
Remuneration due for the year	€15,000	€30,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€15,000	€30,000

François-Régis Ory	31/12/2024	31/12/2023
Remuneration due for the year	€35,000	€30,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€35,000	€30,000

Antonietta Michelino	31/12/2024	31/12/2023
Remuneration due for the year	€35,000	€30,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€35,000	€30,000

Table 2: Table providing a detailed breakdown of the remuneration of the Chairman and CEO

Jacques Mottard	Amount as at 31/12/2024		Amount as at 31/12/2023	
	Due	Paid	Due	Paid
Fixed remuneration	€0	€0	€0	€0
Directors' fees	€26,256	€26,256	€26,998	€26,998
Benefits in kind	€25,546	€25,546	€21,890	€21,890
TOTAL	€51,802	€51,802	€48,888	€48,888

Table 2 is only completed for Jacques Mottard because for the other officers the sums are solely made up of directors' fees.

Table 3: Share subscription or purchase options allocated during the year to each corporate officer by the Company or by any Group company

Not applicable

Table 4: Share subscription or purchase options exercised during the year by each corporate officer

Not applicable

Table 5: Performance shares allocated to each corporate officer

Not applicable

Table 6: Performance shares that became available during the year for each corporate officer

Not applicable

Table 7: History of allocations of share subscription or purchase options

No share subscription or purchase option schemes are currently in place.

Table 8: Share subscription or purchase options allocated to the top 10 employees who are not corporate officers and options they have exercised

Not applicable

Table 9: Other information about the corporate officer

	Employment contract		Top-up retirement plan		Allowances or benefits due or likely to be due as a result of termination or a change of role		Allowances related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Corporate officers								
J. Mottard – Chairman & CEO		X		X		X		X

Directors' fees

The directors' fees paid to members of the Board of Directors totalled €150,000.

Financial risks

The Group adopts a cautious policy when it comes to managing its market risks, of which the main one is foreign-currency risk. The financial risks to which the Group is exposed and the policies to address them are detailed in Note 4 to the consolidated financial statements.



04 RISK FACTORS & CONTROLS

4 RISK FACTORS AND CONTROLS *

** This chapter is an integral part of the management report.*

4.1 Risks related to the Group's activities

■ Talent attraction and retention

Attracting and retaining talent are important issues for digital companies as their success depends on the quality of their employees. IT engineering companies must therefore put in place effective strategies to attract and retain the best talent.

To attract talent, Sword offers a stimulating work environment, professional development opportunities, competitive salaries and attractive benefits.

To retain talent, Sword offers:

- stability thanks to long-term contracts;
- career development prospects;
- a pleasant working environment;
- a strong corporate culture that values employees and their contribution.

Sword invests in employee training and offers its staff professional development opportunities to help them improve their skills.

**The company considers this risk to have a moderate probability.
In the company's opinion, the criticality of this risk is significant.**

■ Protection and security of client data

The protection and security of client data are major concerns. Sword must ensure that its clients' data is protected against cyberattacks, data leaks and privacy breaches.

Sword has strong security policies in place to safeguard client data, including security protocols for networks, servers and applications, as well as access control measures. Sword trains and educates its employees in IT security, because many data breaches can be attributed to human error.

Sword is in compliance with data protection regulations, such as the European Union's General Data Protection Regulation (GDPR). Sword ensures that data is collected, stored and used in a lawful and transparent manner and that it is erased within the legal time limits.

Last but not least, Sword has put in place a crisis management plan for security incidents, in order to minimise the impact on its clients and organisation.

**The company considers this risk to have a high probability.
In the company's opinion, the criticality of this risk is mitigated by its own controls.**

■ Service continuity and system security

Sword ensures that its systems are available at all times, while guaranteeing data security and protection against cyberattacks.

To ensure the continuity of services, Sword has put in place business continuity plans (BCPs), setting out procedures for business recovery in the event of a major incident, such as a server failure, natural disaster or cyberattack. Sword performs regular tests to ensure that everything is operational to enable a swift resumption of business.

With regard to system security, Sword conducts regular security audits to identify vulnerabilities and implement solutions to address them. Penetration tests carried out in 2024 yielded a successful outcome.

**The company considers this risk to have a low probability.
In the company's opinion, the criticality of this risk is significant.**

■ **Skills adaptation**

Sword invests in continuous training for its employees to help them develop new skills and keep up with the latest technological trends.

Sword adapts to changes in the market in line with technological trends and the needs of its clients. Sword remains agile and flexible to respond quickly to new client demands and needs.

**The company considers this risk to have a low probability.
In the company's opinion, the impact of this risk would be significant.**

■ **Project implementation**

Project management processes are effective and include planning, organising, coordinating and supervising the resources needed to execute the project. The checks carried out at all levels (project, BU (entity), country, Group) were positive. This process was reviewed by the Audit Committee.

**The company considers this risk to have a low probability.
In the company's opinion, the impact of this risk would be significant.**

■ **Loss of a major client**

Given the topology of Sword's clients, it is important to consider this risk. However, the studies conducted found that the ordering parties within each client were different and independent of each other. Furthermore, the perception of Sword's services among purchasing departments is currently excellent. Therefore, no further study was conducted.

**The company considers this risk to have a low probability.
In the company's opinion, the impact of this risk would be low due to its large number of clients.**

■ **Activities in specific countries (Lebanon)**

The risk of internal or external conflict has always been managed without negative consequences by local teams. However, the Audit Committee was concerned by the risk of internet outage and requested a mitigation plan, which was duly completed. Some of the teams were transferred to Cyprus in 2022 and we believe that this risk is now under control.

**The company considers this risk to have a low probability.
In the company's opinion, the impact of this risk would be low.**

■ **Market and business developments**

Sword does business with very stable clients who tend to issue long-term purchase orders. Currently, the main risk we face is likely to be associated with our activities in the United States, given the political uncertainties there. However, this risk is low because our contracts are with European companies.

**The company considers this risk to have a low probability.
In the company's opinion, the impact of this risk in the short term would be nil.**

4.2 Financial and non-financial risks

■ **Revenue recognition**

Revenue recognition is an important issue because service contracts can be complex and spread over several years, which can make it difficult to recognise revenue appropriately.

To minimise the risk associated with revenue recognition, IT engineering companies must roll out robust accounting and billing processes that enable them to accurately track and document the terms of service contracts. Businesses should also adhere to applicable accounting standards, such as IFRS or US GAAP, to ensure that revenue is recognised appropriately.

Sword has therefore adapted its internal control tool, which has a successful track record going back many years, to the standards in force. The only issue identified relates to the Agile method, which is more difficult to analyse.

**The company considers this risk to have a low probability.
In the company's opinion, the impact of this risk would be moderate, given the number of projects.**

■ **Valuation of goodwill**

Goodwill valuation is a major risk for service businesses making acquisitions because it can have a significant impact on the carrying amount of assets acquired and the financial performance of the business.

Goodwill arises when the cost of acquiring a business exceeds the carrying amount of its identifiable assets and liabilities. The company must ascertain the value of the assets and liabilities acquired to determine the fair value of the acquired business and the amount of goodwill. If the fair value of the assets and liabilities acquired is incorrectly measured, this may result in an overvaluation or undervaluation of the assets of the acquiring company.

Sword has implemented impairment tests, in accordance with the rules in force, which value the assets at much higher amounts than those indicated in the accounts. Moreover, the small size of acquisitions in recent years reduces this risk in practice.

**The company considers this risk to have a low probability.
In the company's opinion, the criticality of this risk is low.**

■ **Legal and ethical compliance**

Sword has drawn up an Ethical Charter that dovetails with an approach based on transparency, equity and loyalty with all its stakeholders: clients, employees, shareholders, partners, suppliers and civil society actors. This Charter sets out the rules that the Company and any stakeholder with whom it has a relationship must respect, both with regard to their personal conduct and with regard to people and companies with whom the Company has a business relationship.

In particular, it aims to combat conflicts of interest, bribery/corruption, fraud and discrimination.

**The company considers this risk to have a low probability.
In the company's opinion, the criticality of this risk is low.**

■ **GDPR | Risks relating to the protection of personal data**

Through its client projects and internal management, Sword processes the personal data of EU residents as a data controller for its employees and on behalf of its clients and must therefore comply with the requirements of the EU's GDPR and other applicable local privacy regulations.

A GDPR committee, involving one manager per country, meets every two months via videoconferencing to review the following aspects in particular: regular updates on the latest case law, management of third parties, management of data breaches, transfer of data to a third country, rights of data subjects, management of an investigation by an authority, management of an audit by a client, and data protection principles for India and Lebanon.

Audits and follow-ups of the RopA update (requirements applicable to Records of Processing Activities) are carried out by country all year round. These audits found no malicious or suspicious behaviour. No significant data breach issues were reported.

**The company considers this risk to have a very low probability.
In the company's opinion, the criticality of this risk is significant.**

4.3 Insurance

The general insurance policy for civil liability and employees on assignment involves three main areas:

- Operations/post-delivery/professional civil liability for all Group companies
- Liability for the senior executives and corporate officers of Sword Group and its subsidiaries
- All Travel Risks for employees on assignment

The general policy aims to cover risks having a significant financial impact and for which the Group is unable to insure itself financially.

The guarantee levels of the civil liability insurance contracts are as follows:

- Professional/post-delivery civil liability

Amount of guarantee | All types of damage: €15,000,000 per claim and per year of insurance

- Operations civil liability

Amount of guarantee | All types of damage: €10,000,000 per claim

Of which:

- Consequential material and non-material damage: €1,500,000 per claim
- Negligence: €1,500,000 per claim and per year of insurance
- Accidental damage to the environment: €1,500,000 per claim and per year of insurance
- Other non-material damage: €1,500,000 per claim and per year of insurance
- Property in care, custody and control: €2,500,000 per claim and per year of insurance
- Claims by neighbours and third parties/rental risks: €2,000,000 per claim
- Criminal defence and recourse within the limit of the fees approved by the economic interest group CIVIS: €20,000 per claim and €50,000 per year of insurance

- Civil liability for senior executives and corporate officers

The civil liability insurance covers senior executives, *de jure* and *de facto*, including corporate officers of Sword Group and of the subsidiaries in which it is the majority shareholder. The purpose of this insurance is to cover, on behalf of the insured parties, the defence costs and financial consequences of legal action against them incurring their personal liability in their role, up to the policy limit: €15,000,000 per claim and per year of insurance.

All Travel Risks insurance covers employees on business trips.

Other insurance policies cover damage to Sword Group property.

An analysis of the main risks involved in the Group's activities and which can and must be insured reveals that these are normally covered by insurance contracts taken out with companies known to be solvent.

4.4 Internal control system

The Group's internal control procedures have the following aims:

- on the one hand, to ensure that the operational management, transactions and employees' conduct comply with the framework provided by the broad sweep of the Company's activities as defined by the corporate bodies and by the applicable laws and regulations and by the values, standards and internal rules of the Group;
- on the other hand, to check that the accounting, financial and management information provided to the Company's management accurately reflects the Group's operations and financial position.

One of the objectives of the internal control system is to prevent and manage the risks resulting from the Company's business activity, as well as the risk of errors and fraud, in particular in accounting and finance.

The internal control procedures are decided on by Sword Group's Board of Directors and an internal control officer was appointed to monitor the different risks identified by the Board of Directors, in accordance with the X Principles of Corporate Governance of the Luxembourg Stock Exchange.

The internal control procedures focus on operational and financial activities. All the bodies involved in corporate governance participate in implementing internal control processes.

In terms of internal control procedures relating to the preparation of financial and accounting information, the Group has introduced the following measures:

- reporting financial information in the form of monthly analytical reporting to identify and analyse deviations from the objectives set by the Group's Finance Department;
- making the consolidation process more reliable and reducing the time frames for producing and communicating financial information, based on:
 - empowering the heads of subsidiaries;
 - using consolidation software to secure data processing and eliminate intra-group transactions;
 - introducing a module on IFRS 16, covering commitments related to buildings and vehicles;
 - an in-depth review by the Group's Finance Department;
- systematising the review of quarterly financial information by the Audit Committee and the Board of Directors.

While not providing a cast-iron guarantee that these risks will be completely eliminated, the internal control system aims to identify risks and prevent their occurrence.

4.5 Extraordinary events and litigation

To the Company's knowledge, apart from litigation that has been provided for in the accounts, there have not been any events or litigation that could lead to such a situation and could have or have had a significant impact on the results in the last 12 months, the financial position or the assets of Sword Group SE or any of its subsidiaries.



05 CORPORATE RESPONSIBILITY

5 CORPORATE RESPONSIBILITY *

** This chapter is an integral part of the management report.*

"The Group's primary area of expertise is its ability to leverage its employees' talents" – Jacques Mottard | Chairman and Founder of Sword Group

Each year, Sword Group renews its commitment to the United Nations Global Compact on social, societal and environmental responsibility.

5.1 Background

- The company's managerial policy has always aimed to manage staff, clients and investors in a way that is both people-centred and efficient.

To this end, we have always prioritised local presence and operational aspects.

The initiatives have very often come from our teams, with the holding company increasingly focusing on two areas of expertise:

- empowering subsidiaries; and
- monitoring subsidiaries.

This policy has not only paid off in terms of the satisfaction of the teams we have managed, but has also been much more effective because it is much more dynamic.

- IT: From the outset, we opted for a broad, precise area that is easy to present: data management. Over the years, as technologies evolved, the terminology used has changed (data management, document management, digital, etc.) but the technological strategy has remained constant, albeit adapted to different markets in many countries and implemented through two arms: Software and Service. Throughout all this, our objectives have remained the same.

5.2 The Group's values

This project is based on strong values:

- Respect: When we talk about respect, we mean both respect for others and respecting our commitments.
- Rigour: This is the very foundation of a strong company – one that can retain its distinctive character and meet its long-term commitments over time.
- Involvement: Involving everyone shows the importance we attach to our people and their talents, and to keeping them in balance.

5.3 Strengthening of cross-cutting functions

As part of an approach of supporting and providing structure for the Group's growth, a number of cross-cutting functions were integrated during the financial year in order to help meet current and future strategic challenges. In this context, various new positions have been created to address key areas:

- a Chief Artificial Intelligence Officer (CAIO), in charge of identifying technological opportunities and supporting their implementation in internal services and processes;
- a Chief Information Security Officer (CISO), supporting the cybersecurity and regulatory compliance systems;
- a Chief Sustainability Officer (CSO), to manage environmental, social and governance (ESG) initiatives relating in particular to the Group's climate commitments;
- an Internal Efficiency Officer (IEO), in charge of optimising processes, tools and synergies between entities.

These developments illustrate Sword's desire to structure its support functions around targeted expertise, in response to transformation-, performance- and responsibility-related challenges.

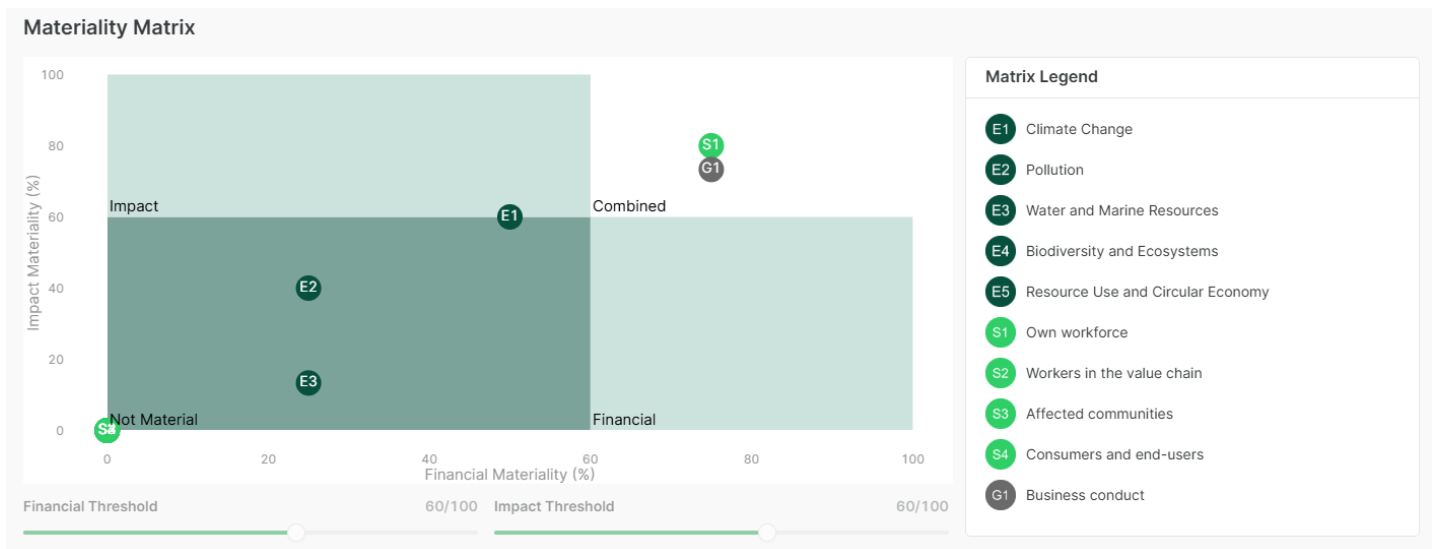
5.4 Double materiality assessment and CSR risk management

As part of its commitment to sustainability and responsible governance, Sword Group conducted an in-depth double materiality assessment with a view to identifying the issues that are most significant to its business and stakeholders. This approach makes it possible to assess the company's impacts on its environment and society, while taking into account the risks and opportunities that these challenges pose for its financial performance and long-term strategy.

The chart below presents Sword Group's materiality matrix, plotting the following two key dimensions against each other:

- **impact materiality**, reflecting the scale of the effects of Sword Group's activities on the environment, society and governance;
- **financial materiality**, measuring the extent to which these challenges directly impact the Group's financial performance, risk management and growth prospects.

This assessment enables Sword Group to align its strategy with the expectations of its stakeholders, comply with regulatory requirements and make informed decisions to integrate sustainability into the heart of its operations.



Source: Greenly (2023)

This chart shows our materiality matrix, assessing the relative importance of environmental, social and governance (ESG) issues along two axes:

Financial materiality (%) (horizontal axis):

- This indicates the extent to which an issue may impact the organisation's financial performance.
- The further to the right an issue is, the greater its financial significance.

Impact materiality (%) (vertical axis):

- This reflects the impact of an issue on the environment, society or governance.
- The higher up an issue is, the more significant it is in terms of external impact.

Interpretation:

Areas of the chart:

- Impact (top left): issues with a strong impact on society but a moderate financial impact
- Financial (bottom right): issues having a direct impact on financial results, but less of an impact on society/the environment
- Combined (top right): issues that are critical in terms of both impact and financial materiality
- Non-material (bottom left): issues deemed less of a priority

Key to the indicators:

- S1 ("Own workforce") and G1 ("Business conduct") feature in the "Combined" area, meaning that they are priority issues for Sword Group, from financial and impact perspectives alike.
- E1 ("Climate change") appears in the "Impact" area: it has a very big impact on society, but its association with direct financial performance is considered to be more limited.
- E2 ("Pollution") and E3 ("Water and marine resources") also have a significant impact, but one which is less marked than climate change.
- S4 ("Consumers and end users") is deemed non-material, suggesting a low priority in the current context.

Assessment thresholds:

The sliders at the bottom indicate that the **financial materiality and impact thresholds are set at 60/100**, meaning that only issues exceeding these thresholds are considered material in the assessment.

Conclusion:

This chart highlights the **strategic ESG issues for Sword Group**:

- **A real priority is given to business ethics and human capital**, in connection with issues G1 and S1.
- **Environmental issues**, especially climate change, still have a significant impact, but are considered to have less of an effect on financial performance.
- The matrix thus reflects the areas where Sword can take action to generate **the most added value**, while identifying the major risks to be monitored.

5.5 Sword a signatory to the United Nations Global Compact

As a signatory to the United Nations Global Compact since 2011, Sword is committed to upholding the 10 principles relating to human rights and labour, the environment and corruption.

Accordingly, we use the Sustainable Development Goals to guide our CSR strategy in order to better respond to the challenges of today's world.

By joining, the company was keen to show it was a socially responsible stakeholder in the global economy. The UN Global Compact was chosen as it provides a globally recognised framework as well as sustainability. Sword Group therefore complies with the 10 principles set out by the Compact:

Human Rights

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- make sure that they are not complicit in human rights abuses.

Labour

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

Environment

Businesses should:

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Businesses should work against corruption in all its forms, including extortion and bribery.



<http://www.unglobalcompact.org/>

Sword Group's social responsibility means viewing the company not only as a centre of production and a profit-making entity but also as having a responsibility for its wider environment (people inside and outside the company, the natural environment, etc.).


This general principle is implemented through various actions tailored to the specific circumstances of Sword Group, its businesses, its employees and its subsidiaries.

5.6 The ESG strategy

Sword Group's CSR strategy was developed based on the main non-financial risks facing the company and taking into account the materiality assessment.

- Acting ethically and responsibly, from the governance of the company and its supply chain through to the impact on its stakeholders and support for communities.
- Empowering human capital by means of a strong corporate culture and a caring management style that fosters diversity and encourages employee training and mobility.
- Helping to protect the planet by curbing energy consumption, reducing and recycling waste, favouring soft modes of transport and taking account of the digital carbon footprint to minimise the impact on the environment.

Sword's strategic roadmap is based on three fundamental pillars. This roadmap showcases our commitments and goals, as well as the key performance indicators and targets we are aiming to achieve by 2030.

	Good health and well-being Respect for others Internal promotion Empowerment Skills development Occupational health and safety
	Quality education Employee training plan Partnerships with local schools
	Gender equality Promoting gender equality Combating discrimination and harassment
	Reduced inequalities The Group is committed to promoting women's interests at all levels, and has invested in patronage and sponsorship in Europe and Africa aimed at encouraging women's sport and their integration through sport.
	Sustainable cities and communities Plan to reduce atmospheric emissions linked to employee travel Sustainable management of our waste
	Responsible consumption and production Reducing paper consumption and going paperless Travelling less thanks to digital solutions Supplier evaluations and a sustainable supply chain Promoting soft transport Reduction and reuse of waste
	Climate action Reducing the company's carbon footprint Supporting reforestation programmes Green IT

5.7 Our priorities



ENVIRONMENT

- Take action to combat climate change by achieving carbon neutrality by 2030 and net-zero emissions
- Accelerate the transition to a low-carbon economy by helping our clients fulfil their environmental commitments
- Switch to 100% renewable electricity and hybrid/electric vehicles by 2030



ACHIEVE CARBON NEUTRALITY BY 2030



SOCIAL

- Continuously invest in our talent and help them develop their skills
- Foster a diverse, inclusive and hybrid working environment
- Support digital inclusion in our communities



ENSURE THAT WOMEN ACCOUNT FOR 50% OF THE WORKFORCE BY 2030



GOVERNANCE

- Promote diversified and responsible governance
- Constantly maintain demanding ethical practices to ensure shared growth
- Protect and secure data, infrastructure and identities

5.8 Assessment by non-financial rating agencies

Every year, Sword fulfils various ESG assessments and standards such as:

- Ethifinance (an ESG valuation and stock index);
- EcoVadis (a platform that evaluates ESG performance and sustainable procurement);
- CDP (Climate Disclosure Project);
- S&P Global (information and financial analysis).

5.9 Governance

THE BOARD OF DIRECTORS

In addition to compliance with laws and regulations, Sword incorporates financial and non-financial best practices into its governance in order to improve its performance and cement the trust placed in the company by both its internal and external stakeholders and so contribute to the long-term success of the business.

The composition and operation of the company's senior management and administrative bodies are detailed in Chapter 3 of the financial report.

THE AUDIT COMMITTEE

The Audit Committee assists Sword Group's Board of Directors in its tasks of supervising the financial reporting, external audit and internal control processes.

THE REMUNERATION COMMITTEE AND APPOINTMENTS, GOVERNANCE, ETHICS AND CORPORATE RESPONSIBILITY COMMITTEE (combined into a single committee)

These committees provide the Board of Directors with assistance regarding the following matters:

- company remuneration policy;
- appointment of new members to the Board;
- transparency and neutrality of the organisation;
- environmental, social, economic and ethical issues.

INVESTOR RELATIONS

To foster dialogue with shareholders and promote long-term engagement, Sword maintains regular contact with investors. The company's results are presented every six months, in English and French, to an audience of investors, analysts, journalists and anyone else interested in the company's activities. Quarterly revenue information is communicated to stakeholders. The company's management also attends professional investor fairs. A dedicated website allows anyone to view the Group's latest figures and news and to contact the company's management.

Webinars for individual shareholders have been held since 2023.

KEY INDICATORS

- Over 50% of directors independent
- Board made up of 5 members, including 1 woman
- Interim meetings held by phone

OBJECTIVES
2024–2028

- Increase the proportion of women
- Continue to organise webinars for individual shareholders

5.10 Suppliers and partners

SUPPLIER CODE OF CONDUCT

Sword has implemented a supplier code of conduct to ensure that its suppliers are committed to respecting detailed rules on the environment and human rights, including the prevention of discrimination, child labour and forced or compulsory labour, as well as compliance with wage-related legislation and the maintenance of a safe and healthy working environment.

RESPONSIBLE PURCHASING POLICY

Sword's responsible purchasing policy is based on fair treatment and transparent selection of suppliers as well as the consideration of social and environmental criteria in its choice of suppliers. The objective of this policy is to forge healthy commercial relationships with its suppliers and to have a positive impact on its ecosystem in terms of CSR practices. This includes respect for ethical principles regarding human rights and working conditions, environmental issues, the fight against corruption and unfair business practices.

KEY INDICATORS

- Responsible purchasing policy
- CSR Code of Conduct for suppliers

OBJECTIVES
2024–2028

- Boost responsible purchasing
- Incorporate new CSR indicators
- Involve our suppliers

5.11 Social engagement

LOCAL INITIATIVES

Sword undertakes initiatives locally in each country where it operates:

- employment of refugees for one-off contracts;
- partnerships with the Red Cross, Terre des Hommes, Médecins Sans Frontières and UNICEF;
- assistance for people with disabilities;
- coaching young students through a mentoring programme in three countries: the UK, Lebanon and Switzerland;
- targeted actions throughout the year, such as participation in charity races;
- involvement in local associations;
- various actions undertaken as part of International Women's Day.

SPORT AND EDUCATION FOUNDATION

At Group level, the Sport and Education Foundation is working with the Senegalese football club Dakar Sacré-Cœur (DSC). The project is a societal and sports project whose initiatives have so far mainly revolved around football and education.

It focuses in particular on recreational football, with a free football school and holiday courses for 100 girls, and solidarity in sport, including the promotion of women and the transfer of various skills.

KEY INDICATORS

- Two trips to Dakar for exchanges and training
- Four employees visited the site in 2024
- Free football school for 100 girls
- Promotion of women
- Transfer of skills
- Public-speaking coaching workshop
- Assistance in searching for jobs

OBJECTIVES 2024–2028

- Continue to roll out initiatives supporting women
- Maintain local initiatives

5.12 Data security

TEAM

Appointment of data protection officers

All Sword companies have now designated data protection officers (DPOs) and a central, standardised communication channel for raising data security concerns. Since the GDPR came into force in 2018, Sword has not received any complaints about non-compliance with the law.

Investment in tools

Sword has invested in licences for standardised tools that will be rolled out globally to enable even more advanced data protection features on our core IT platform. Specifically, these features include automated data classification and labelling, data loss prevention (DLP), remote access revocation and scheduled deletion/expiration periods for data and files. These enhancements will make it easier for Sword to comply with new client and legislative requirements, and to keep pace with ever-evolving best practices.

CERTIFICATIONS

The majority of Group entities are ISO 27001:2013 certified. ISO 27001 is the most widely recognised standard for information security management system requirements.

The certifications are up to date and renewed as and when they expire.

The implementation of the Group-wide standardisation of information security procedures, tools and policies worldwide is continuing.

A special working group has been set up to optimise the management of certifications within Sword Group. The aim of this initiative is to pool efforts, harmonise processes and expand access to certifications while reducing costs. This collaborative approach will improve operational efficiency, bring together a central toolbox of best practices and provide for more structured support to all the employees involved.

KEY INDICATORS

- 100% of employees trained in the GDPR
- 0 complaints received for GDPR non-compliance
- Other certifications held within the Group: ISO 9001:2015, ISO 20000-1:2018, ISO 45001:2018, ISO 14001:2015
- Data breach procedure
- Penetration testing carried out with a successful outcome
- Automated vulnerability scans
- Launch of a digital clean-up day to encourage our employees to declutter
- Introduction of IT security training (cyberattacks) for our employees

**OBJECTIVES
2024–2028**

- Two digital clean-up days
- 100% of employees trained in digital security

5.13 Employees

As at 31 December 2024, Sword Group had a headcount of 3,211:

- UK: 998
- US | Canada: 98
- EU: 1,106
- Asia | Middle East: 402
- Switzerland: 607

People values: internal promotions, respect for others, diversity, dialogue:

This strategy has been applied successfully for a very long time, and is integral to the nature of a wholly globalised and decentralised group with employees from all backgrounds.

Particular attention is paid to working conditions and periodic monitoring of employees.

Managers are made aware of the need to value their teams and recognise their contributions.

TRAINING

At Sword, staff training is vital, not only for employees' personal development but also to ensure that they remain at the right level over time.

In 2024, 100% of employees completed internal or external training.

STAFF PARITY

This goal cannot be achieved at the expense of fairness. In other words, we have to recruit and promote female staff based wholly on merit and not on numbers.

With this in mind, we have followed our usual approach of implementing an improvement policy, which will allow us to move towards a better gender balance little by little and level by level.

Until the 2000s, the IT world was extremely male-dominated. This created a gender imbalance which is now being rectified.

The Board of Directors has decided on the following approach:

- where women and men have equal skill sets, prioritise the recruitment of the former in order to increase the proportion of women in the company from 46% to 50%;
- undertake internal promotions coupled with training, in order to achieve gender parity among BU directors within seven years;
- increase female representation on the Executive Management Committee, through either internal promotion or recruitment;
- propose female directors to the General Meeting.

GENDER EQUALITY

The Group has always observed total equality between men and women, in terms of both pay and the roles allocated to each.

The Finance Department closely monitors the remuneration of each category, and the Group's exceptional growth requires us to report approximate data to the market.

The pay of men and women at Sword is exactly the same, within a margin of 3%.

EMPLOYEE WELL-BEING

The well-being of our employees, in terms of travel, strengthens our sustainable development goals and consequently our goals with regard to saving energy.

Many companies have decided to resolve the issue of employees living far away from their place of work by promoting teleworking.

We believe that our Group will gradually have to shift its offices to the outskirts of cities, in the form of coworking centres dedicated to Sword, so that our employees' homes are close to their place of work.

The initiatives already rolled out include the premises in Luxembourg being divided into three coworking centres:

- one close to the Belgian border;
- one close to the French border;
- one close to the German border.

Similarly, French-speaking Switzerland is home to:

- an office in Geneva near the French border;
- an office near Nyon;
- an office in Lausanne;
- an office in Sion;
- an office in Fribourg.

As such, it is the very organisation of our offices that will resolve the issue of our employees living far away from their place of work, not teleworking.

KEY INDICATORS

- At least 1 career interview per year for every employee
- Staff turnover of 9.3% in 2024 vs 9.6% in 2023
- 100% of employees given at least one training course
- 518 gross hires in 2024
- 94.5% of employees on permanent contracts
- 32 nationalities in the workforce
- Women represent 46% of the workforce
- Local action such as in Luxembourg, where our subsidiary is certified as a Great Place to Work

OBJECTIVES 2024–2028

- Gauge employee commitment
- Ensure that women account for 50% of the workforce

5.14 Carbon footprint and energy efficiency

CARBON FOOTPRINT

Day-to-day actions of our employees

We have provided financial assistance to our employees wishing to switch to clean vehicles, with help to hire electric cars and/or bikes.

People management

We are in the process of systematically reducing journeys and investing heavily in any digital tools enabling remote communication. Examples include:

- paying for home-working facilities for our Indian staff;
- installing extensive and sophisticated videoconferencing systems at all our sites;
- taking into account proximity criteria, entailing an inherent reduction in energy consumption.

Premises management

We have taken a range of steps to reduce our energy consumption (presence detectors for switching power on and off, better office insulation, reducing unnecessary heating/air conditioning during staff absences, systematically reusing heat emitted by our data centres in order to cut our heating bills).

Operations management

We have put in place a management policy for all our material assets, including:

- increasing the lifespan of our equipment;
- managing electrical and electronic equipment waste;
- managing our paper/cardboard waste, with systematic recovery by specialised companies employing staff with disabilities;
- systematically reusing end-of-life equipment, primarily through donations to NGOs;
- maximising the use of digital tools, especially for communication, in order to reduce paper use.

Operations

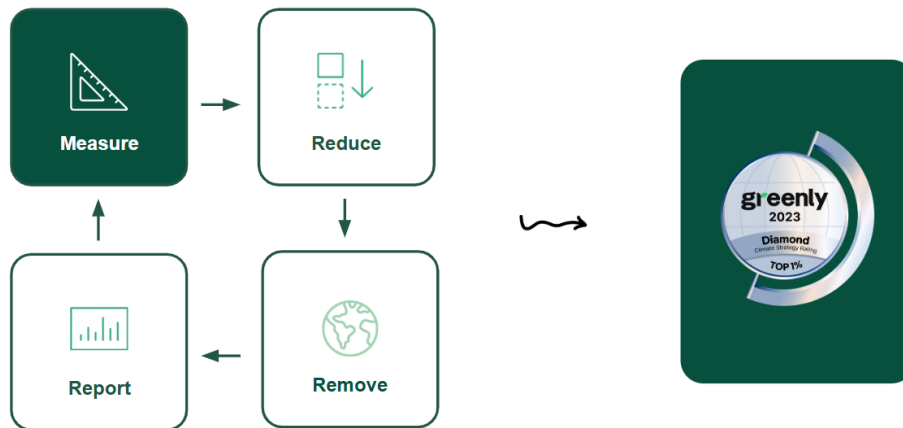
We are moving towards server virtualisation and data centre hosting as standard, and are working with our clients and suppliers to decarbonise the Group's activities and the value chain as a whole.

KEY INDICATORS

In 2024, Sword called on the services of Greenly, among other things to assess its own carbon footprint. This initial assessment is a key step, but it will need to be progressively refined over the coming years to take account of all relevant parameters and obtain an ever more accurate picture of our environmental impact.

Solving the Climate Equation

MEASURING EMISSIONS IS THE FIRST STEP TO SETTING A PATH TOWARDS NET ZERO



Carbon accounting methodology

Scope 1 | Direct emissions

GHG emissions generated directly by the organization and its activities.

Examples: combustion of fossil fuels, refrigerant leaks, etc.

Scope 2 | Indirect emissions related to energy consumption

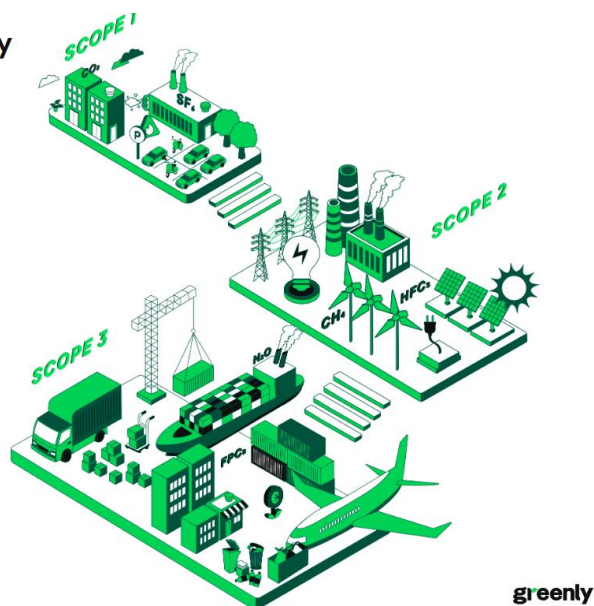
Emissions related to the organization's consumption of electricity, heat or steam.

Example: electricity consumption, etc.

Scope 3 | Other indirect emissions

Emissions related to the organization's upstream and downstream operations and activities

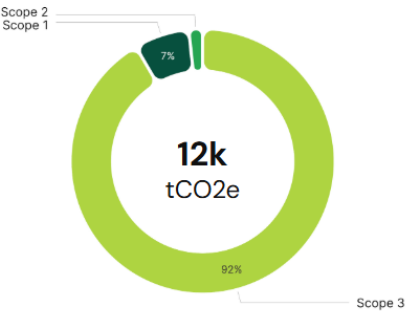
Example: transportation, purchased goods and services, sold products, etc.





GHG emission assessment result

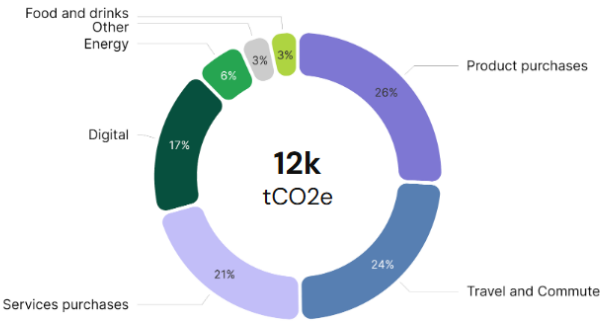
Scope 1	834tCO2e	0.5t/employee	4.2t/M€
Scope 2	208tCO2e	0.1t/employee	1.1t/M€
Scope 3	11ktCO2e	7t/employee	58t/M€
Total	12ktCO2e	7.7t/employee	63t/M€



General overview


GROUP – RESULTS BY ACTIVITY


Total emissions of Sword – Consolidated, by activity (% tCO2e)




	Absolute tCO2e	Per employee tCO2e/employee
Product purchases	3.2k	2
Travel and Commute	3k	1.8
Services purchases	2.6k	1.6
Digital	2.1k	1.3
Energy	707	0.4
Food and drinks	407	0.3
Others**	425	0.3

Is equivalent to:


The amount of CO2 sequestered annually by 1.1k hectares of growing forest*


The annual emissions of 1.3k French Residents*


6.9k Paris - New York round trips*

*Sources: Labos1Point5, ExioBase, French National Forests Office
**Assets, Freight, Waste, Activities and events



Source: Greenly, 20 March 2025

OBJECTIVES
2024–2028

- Commit to the Science Based Targets initiative (SBTi)
- Conduct employee survey to fine-tune the Scope 3 impact in 2024, to be repeated
- Raise awareness in all Group subsidiaries
- Use 100% electric company and service vehicles

5.15 Green taxonomy

Regulatory background

Article 8 of the Taxonomy Regulation aims to enhance transparency in the market and prevent greenwashing by providing investors with information on the environmental performance of the assets and economic activities of issuers subject to the Non-Financial Reporting Directive (NFRD).

The Taxonomy Regulation identifies economic activities that can be considered environmentally sustainable based on technical screening criteria set out in delegated acts adopted by the Commission in accordance with that regulation.

The first delegated act establishing the technical screening criteria for economic activities qualifying as contributing substantially to climate change mitigation and climate change adaptation was formally adopted on 4 June 2021.

On 6 July 2021, the Commission adopted a delegated act supplementing Article 8 of the Taxonomy Regulation. The Disclosures Delegated Act specifies the content, methodology and presentation of information to be disclosed by both financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities.

On 27 June 2023, the Commission adopted a delegated regulation supplementing the Taxonomy Regulation in relation to the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of aquatic and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems, and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

Sword Group SE is required to disclose this non-financial information in accordance with this regulation.

Eligibility of Sword activities

To be eligible, an activity must be included in the list of activities defined in the delegated acts, i.e. activities contributing substantially to one of the six environmental objectives, namely:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of aquatic and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

Annex 1 to the Commission Delegated Regulation of 6 July 2021 concerning the taxonomy lists over 100 eligible activities contributing substantially to climate change mitigation (CCM). For Sword, the eligible activities identified are:

- CCM-related activity **"8.1. Data processing, hosting and related activities"**, i.e. storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing;
- CCM-related activity **"8.2. Data-driven solutions for GHG emissions reductions"**, i.e. development or use of ICT solutions that are aimed at collecting, transmitting and storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling greenhouse gas (GHG) emission reductions;
- CCM-related activity **"6.5. Transport by motorbikes, passenger cars and light commercial vehicles"**, i.e. the purchase, financing, renting, leasing and operation of vehicles.

Annex 2 to the Commission Delegated Regulation of 6 July 2021 concerning the taxonomy lists over 100 eligible activities contributing substantially to climate change adaptation (CCA). For Sword, the eligible activities identified are:

- CCA-related activity **"8.1. Data processing, hosting and related activities"**, i.e. storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing;
- CCA-related activity **"8.2. Computer programming, consultancy and related activities"**, i.e. providing expertise in the field of information technologies: writing, modifying, testing and supporting software; planning and designing computer systems that integrate computer hardware, software and communication technologies; on-site management and operation of clients' computer systems or data processing facilities; and other professional and technical computer-related activities.

Owing to the nature of its activities, Sword does not perform any eligible activity contributing substantially to the sustainable use and protection of aquatic and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems.

Alignment of Sword activities

An activity is taxonomy-aligned if:

- the activity is taxonomy-eligible;
- the activity meets the technical criteria for making a substantial contribution to one or more of the environmental objectives;
- the activity does not cause significant harm to any of the environmental objectives;
- the activity is performed in compliance with the OECD and United Nations guiding principles on business, in particular fundamental rights at work and human rights.

In conclusion, and with reference to the tables below, the analysis is as follows:

- 83.9% of 2024 revenue is taxonomy-eligible but non-taxonomy-aligned (compared with 82.7% in 2023).
- 9% of CAPEX linked to CCM-related activity 6.5. (Transport by motorbikes, passenger cars and light commercial vehicles) is taxonomy-eligible and taxonomy-aligned (compared with 13% in 2023).
- No OPEX was taxonomy-eligible and taxonomy-aligned in 2024 and 2023.

For more details, see the tables on the pages that follow.

Proportion of revenue generated by products or services associated with taxonomy-aligned economic activities – information for 2024

Economic Activities (1)	Code (1)(2)	Revenue (3)	Proportion of Revenue, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Adapting to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned Revenue (A.1.) or taxonomy-eligible (A.2.), Year N-1 (18)	Enabling Activity Category (19)	Transitional Activity Category (20)			
Keuros			%	YES/NO/ N/A	YES/NO/ N/A	YES/NO/ N/A	YES/NO/ N/A	YES/NO/ N/A	YES/NO/ N/A	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	H	T			
A.		TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1.		Environmentally sustainable activities (aligned with taxonomy)																				
None		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Revenue from environmentally sustainable activities (aligned with taxonomy) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
A.2.		Taxonomy-eligible but environmentally non-sustainable activities (non-aligned with taxonomy) (7)																				
Programming, consultancy and other IT activities		CCA 8.2	251 004 454	77,7%														76,5%				
Data processing, hosting and related activities		CCM 8.1	17 999 634	5,6%														5,8%				
Data-driven solutions for GHG emission reductions		CCM 8.2	2 121 035	0,7%														0,5%				
Revenue from taxonomy-eligible but environmentally non-sustainable activities (non-aligned with taxonomy) (A.2)		271 125 123	83,9%	82,7%																		
A.		Revenue from taxonomy-eligible activities (A.1 + A.2)	271 125 123	83,9%														83%				
B.		NON-TAXONOMY-ELIGIBLE ACTIVITIES																				
Revenue from non-taxonomy-eligible activities		51 889 850	16,1%														17%					
TOTAL		323 014 973	100 %														100%					

	% of revenue / total revenue	
	Aligned with taxonomy by objective	Eligible for taxonomy by objective
CCM for Climate Change Mitigation	0%	6,2%
CCA for Climate Change Adaptation	0%	77,7%
WTR for Water and Marine Resources	0%	0%
CE for Circular Economy	0%	0%
PPC for Pollution Prevention and Control	0%	0%
BIO for Biodiversity and Ecosystems	0%	0%

Proportion of CAPEX from products or services associated with taxonomy-aligned economic activities – information for 2024

Year N	Year			Substantial contribution criteria						Criteria of absence of significant harm (16)									
Economic Activities (1)	Code (8)(12)	CapEx (3)	Proportion of CapEx Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Adapting to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned CapEx (A.1.) or taxonomy-eligible (A.2.), Year N-1 (18)	Enabling Activity Category (19)	Transitional Activity Category (20)
		EuroK	%	YES/NO/ N/AEL (%) (%)	YES/NO/ N/AEL (%) (%)	YES/NO/ N/AEL (%) (%)	YES/NO/ N/AEL (%) (%)	YES/NO/ N/AEL (%) (%)	YES/NO/ N/AEL (%) (%)	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	H	T
A.	TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1.	Environmentally sustainable activities (aligned with taxonomy)																		
Private car transport	CCM 6.5	639 339	9%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES	13%		
CapEx of environmentally sustainable activities (aligned with taxonomy) (A.1)		639 339	9%	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES	13%		
of which enabling																			
of which transitional																			
A.2.	Activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (15)																		
Private car transport	CCM 6.5	461 301	7%														24%		
CapEx of activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (A.2)		461 301	7%														24%		
A.	CapEx of activities eligible for taxonomy (A.1 + A.2)	1 100 640	16%														37%		
B.	ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																		
CapEx for activities not eligible for taxonomy		5 906 541	84%														63%		
TOTAL		7 007 181	100 %														100%		

	Proportion of CapEx / Total CapEx	
	Aligned with taxonomy by objective	Eligible for taxonomy by objective
CCM for Climate Change Mitigation	9%	16%
CCA for Climate Change Adaptation	0%	0%
WTR for Water and Marine Resources	0%	0%
CE for Circular Economy	0%	0%
PPC for Pollution Prevention and Control	0%	0%
BIO for Biodiversity and Ecosystems	0%	0%

Proportion of OPEX concerning products or services associated with taxonomy-aligned economic activities – information for 2024

YEAR N	YEAR			Substantial contribution criteria						Criteria of absence of significant harm (22)									
Economic Activities (1)	Code (17)(2)	OpEx (3)	Proportion of OpEx, Year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Adapting to climate change (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned OpEx (A.1.) or taxonomy-eligible (A.2.), Year N-1 (18)	Enabling Activity Category (19)	Transitional Activity Category (20)
		Euros K'	%	YES; NO; NIEL ⁽¹⁸⁾ ⁽¹⁹⁾	YES; NO; NIEL (18) (19)	YES; NO; NIEL (18) (19)	YES; NO; NIEL (18) (19)	YES; NO; NIEL (18) (19)	YES; NO; NIEL (18) (19)	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	H	T
A.	TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1.	Environmentally sustainable activities (aligned with taxonomy)																		
None		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx environmentally sustainable activities (aligned with taxonomy) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which enabling																			
of which transitional																			
A.2.	Activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (22)																		
Néant		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx of activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.	OpEx of activities eligible for taxonomy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.	ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																		
OpEx for activities not eligible for taxonomy		285 000	100%														100%		
TOTAL		285 000	100 %														100%		

Proportion of OpEx / Total OpEx		
	Aligned with taxonomy by objective	Eligible for taxonomy by objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%



06 CONSOLIDATED FINANCIAL STATEMENTS



6 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

6.1 Consolidated statement of financial position

As at 31 December 2024 (in thousands of €)	Notes	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Goodwill	14	79,535	69,355
Other intangible assets	15	11,632	7,036
Property, plant and equipment	16	4,753	4,573
Right-of-use assets	17	10,603	11,866
Investments in associates	13	-	365
Financial assets at fair value through other comprehensive income		113	-
Derivatives		-	126
Deferred tax assets	26	370	60
Other assets	19	746	728
TOTAL NON-CURRENT ASSETS		107,752	94,109
CURRENT ASSETS			
Trade and other receivables	8, 18	34,839	35,700
Work in progress	8	63,027	45,413
Current tax assets		1,185	1,100
Other assets	19	6,747	5,711
Cash and cash equivalents	20	70,620	62,587
Prepaid expenses		8,377	5,923
TOTAL CURRENT ASSETS		184,795	156,434
TOTAL ASSETS		292,547	250,543

The notes hereinafter form an integral part of the consolidated financial statements.

6.2 Consolidated statement of financial position (continued)

As at 31 December 2024

<i>(in thousands of €)</i>	Notes	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	35	9,545	9,545
Share premium		70,676	70,676
Reserves		10,420	6,733
Retained earnings		4,807	17,198
TOTAL EQUITY – GROUP SHARE		95,448	104,152
Non-controlling interests (minority interests)		1,662	1,258
TOTAL EQUITY		97,110	105,410
NON-CURRENT LIABILITIES			
Lease obligations	17	7,129	8,668
Other financial debts	23	56,000	35,000
Pension provisions	21	282	249
Other provisions	22	-	227
Deferred tax liabilities	26	2,098	1,431
Other liabilities	25	19,299	25,433
TOTAL NON-CURRENT LIABILITIES		84,808	71,008
CURRENT LIABILITIES			
Lease obligations	17	3,541	3,604
Other financial debts	23	675	172
Other provisions	22	485	184
Trade and other payables	24	44,973	25,013
Current tax liabilities		2,158	1,558
Other liabilities	25	40,769	20,599
Deferred income	8	18,028	22,995
TOTAL CURRENT LIABILITIES		110,629	74,125
TOTAL LIABILITIES		195,437	145,133
TOTAL EQUITY AND LIABILITIES		292,547	250,543

The notes hereinafter form an integral part of the consolidated financial statements.

6.3 Consolidated income statement

For the year ended 31 December 2024

<i>(in thousands of €)</i>	Notes	31 December 2024	31 December 2023
Revenue	7, 8	323,015	288,128
Purchases		(28,675)	(29,466)
Personnel expenses	27	(149,862)	(136,577)
Other external charges	28	(106,463)	(87,663)
Reversals of provisions, net	29	285	18
Other current operating expenses		(1,365)	(1,290)
Other current operating income		1,884	1,700
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION, EXCLUDING NON-RECURRING ITEMS (EBITDA)		38,819	34,850
EBITDA in %		12.02%	12.10%
Charges for depreciation of property, plant and equipment	16	(1,424)	(1,401)
Charges for depreciation of right-of-use assets	17	(3,760)	(3,537)
Charges for depreciation of intangible assets arising from business combinations	15	(1,946)	(2,081)
Charges for depreciation of other intangible assets	15	(992)	(595)
EARNINGS BEFORE INTEREST AND TAXES, EXCLUDING NON-RECURRING ITEMS (EBIT)		30,697	27,236
EBIT in %		9.50%	9.45%
Income from disposals of assets and subsidiaries	30	194	(1,160)
Impairment loss on assets	31	(94)	-
Other non-recurring items	32	(5,647)	(4,275)
OPERATING PROFIT (OP)		25,150	21,801
OP in %		7.79%	7.57%
Financial income		8,692	10,632
Financial expenses		(6,622)	(5,613)
FINANCIAL RESULT	33	2,070	5,019
Share of profit or loss of associates		-	(125)
PROFIT BEFORE TAX		27,220	26,695
Income tax	26	(5,098)	(3,586)
PROFIT FOR THE YEAR		22,122	23,109
<i>Of which:</i>			
Group share		21,809	22,822
Non-controlling interests (minority interests)		313	287
Earnings per share for the profit for the year – Group share			
Basic earnings per share (<i>in €</i>)	34	2.31	2.40
Diluted earnings per share (<i>in €</i>)	34	2.31	2.40

The notes hereinafter form an integral part of the consolidated financial statements.

6.4 Consolidated statement of comprehensive income

For the year ended 31 December 2024

<i>(in thousands of €)</i>	Notes	31 December 2024	31 December 2023
PROFIT FOR THE YEAR		22,122	23,109
<i>Recyclable items in profit or loss</i>			
Translation differences			
- during the year		2,406	2,439
Total recyclable items in profit or loss		2,406	2,439
<i>Non-recyclable items in profit or loss</i>			
Defined-benefit plans			
- Actuarial gains and losses on post-employment benefits	21	(3)	2
Total non-recyclable items in profit or loss		(3)	2
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		2,403	2,441
COMPREHENSIVE INCOME FOR THE YEAR		24,525	25,550
<i>Of which:</i>			
Group share		24,224	25,204
Non-controlling interests (minority interests)		301	346

The notes hereinafter form an integral part of the consolidated financial statements.

6.5 Consolidated statement of changes in equity

For the year ended 31 December 2024

<i>(in thousands of €)</i>	Share capital	Share premium	Own shares	Reserve for remeasurement of financial assets	Defined-benefit plans	Foreign-currency translation reserve	Retained earnings	Total	Non-controlling interests (minority interests)	Total equity
BALANCE AS AT 1 JANUARY 2023	9,545	70,676	1,919	2,504	(197)	4,984	11,376	100,807	737	101,544
<i>Profit for the year</i>	-	-	-	-	-	-	22,822	22,822	287	23,109
<i>Other comprehensive income</i>	-	-	-	-	2	2,380	-	2,382	59	2,441
Comprehensive income for the year	-	-	-	-	2	2,380	22,822	25,204	346	25,550
Repurchase/resale of ordinary shares ⁽²⁾	-	-	(4,859)	-	-	-	-	(4,859)	-	(4,859)
Payment of dividends ⁽³⁾	-	-	-	-	-	-	(16,212)	(16,212)	-	(16,212)
Transactions between shareholders ⁽¹⁾	-	-	-	-	-	-	(788)	(788)	175	(613)
BALANCE AS AT 31 DECEMBER 2023	9,545	70,676	(2,940)	2,504	(195)	7,364	17,198	104,152	1,258	105,410
<i>Profit for the year</i>	-	-	-	-	-	-	21,809	21,809	313	22,122
<i>Other comprehensive income</i>	-	-	-	-	(3)	2,418	-	2,415	(12)	2,403
Comprehensive income for the year	-	-	-	-	(3)	2,418	21,809	24,224	301	24,525
Repurchase/resale of ordinary shares ⁽²⁾	-	-	1,272	-	-	-	-	1,272	-	1,272
Payment of dividends ⁽³⁾	-	-	-	-	-	-	(15,986)	(15,986)	-	(15,986)
Transactions between shareholders ⁽¹⁾	-	-	-	-	-	-	(18,214)	(18,214)	103	(18,111)
BALANCE AS AT 31 DECEMBER 2024	9,545	70,676	(1,668)	2,504	(198)	9,782	4,807	95,448	1,662	97,110

⁽¹⁾ See Note 10.

⁽²⁾ See Note 36.

⁽³⁾ See Note 37.

The notes hereinafter form an integral part of the consolidated financial statements.

6.6 Consolidated statement of cash flows

For the year ended 31 December 2024

<i>(in thousands of €)</i>	Notes	31 December 2024	31 December 2023
Cash flows from operating activities			
Profit for the year		22,122	23,109
<i>Adjustments:</i>			
Depreciation charges		8,123	7,614
Impairment loss on intangible assets and property, plant and equipment	31	94	-
Impairment losses on trade receivables, net of reversals	18	(132)	(185)
Allocations to/(reversals of) other provisions		(184)	51
Allocations to provisions for employee benefits	21.1	30	23
Net capital losses/(gains) on disposals of non-current assets, net of transaction costs		(194)	1,160
Changes in fair value of additional payments/commitments to repurchase securities held by minority shareholders/Co-investors	5.3, 33	(3,505)	(6,643)
Share of profit or loss of associates	13	-	125
Interest expenses on lease obligations	33	264	242
Interest expenses on loans and other financial debt	33	2,362	1,473
Income tax	26.1	5,098	3,586
Change in working capital		(5,685)	(4,942)
Cash flow generated by operating activities		28,393	25,613
Tax paid		(5,176)	(3,603)
NET CASH FLOWS FROM OPERATING ACTIVITIES		23,217	22,010
Cash flows from investment activities			
<i>Acquisitions/new consolidations:</i>			
- Assets generated internally	15	(1,203)	(1,256)
- Intangible assets	15	(1,473)	(362)
- Property, plant and equipment	16	(1,470)	(1,269)
- Financial assets at fair value through other comprehensive income		(113)	-
<i>Disposals/deconsolidations:</i>			
- Property, plant and equipment		1	29
- Financial assets at fair value through other comprehensive income		72	-
Acquisition of control of subsidiaries, net of cash and cash equivalents acquired		(7,570)	(5,007)
Loss of control of subsidiaries, net of cash and cash equivalents disposed of		-	12,100
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		(11,756)	4,235

The notes hereinafter form an integral part of the consolidated financial statements.

Consolidated statement of cash flows (continued)

For the year ended 31 December 2024

<i>(in thousands of €)</i>	Notes	31 December 2024	31 December 2023
Cash flows from financing activities			
Payment related to the repurchase and resale of ordinary shares	36	1,272	(4,859)
Consideration received from non-controlling interests (minority interests)		2,774	127
Repayment of debts related to commitments to repurchase securities held by Co-investors		(7,300)	(11,937)
Repayment of lease obligations	17	(3,871)	(3,612)
New loans and use of lines of credit	23	21,000	17,000
Interest paid on loans and other financial debt	33	(2,362)	(1,471)
Interest paid on lease obligations	33	(262)	(241)
Dividends paid to shareholders in the parent company	37	(15,986)	(16,212)
NET CASH FLOWS ALLOCATED TO FINANCING ACTIVITIES		(4,735)	(21,205)
Net change in cash and cash equivalents		6,726	5,040
Cash and cash equivalents as at opening		62,415	56,671
Change in foreign exchange rate effect		804	704
CASH AND CASH EQUIVALENTS AS AT YEAR END	20	69,945	62,415

The notes hereinafter form an integral part of the consolidated financial statements.

6.7 Notes to the consolidated financial statements

NOTE 1. GENERAL INFORMATION

1.1 About the company

Sword Group SE ("the Company") is a European company (*Societas Europaea*, or SE) established under Luxembourg law, having its registered office at 2 Rue d'Arlon, Windhof (Luxembourg). The Company is registered in the Luxembourg Trade and Companies Register (RCS) under number B 168.244.

Sword Group, comprising the Company and the companies it controls, specialises in the global delivery of software and IT services, primarily to public institutions and international groups.

The Group offers a wide range of services, including strategic and operational consulting, solution engineering and application development, project ownership support and project management support, infrastructure management and application maintenance for third parties, and resource outsourcing.

The Company's shares are listed on Euronext Paris (Compartment B).

The consolidated financial statements are available on the Company's website at the following address: <https://www.sword-group.com/investors/>.

The consolidated financial statements were approved by the Board of Directors on 10 March 2025. The consolidated financial statements will be finalised once approved by the General Meeting of Shareholders on 29 April 2025.

1.2 Major events in 2024

With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd, an IT recruitment and placement company based in Aberdeen, Scotland. Following this partial sale, the 49% of shares still held by the Group were classified as shares accounted for under the equity method. See Note 12.2.

In the meantime, AAA Group Ltd has restructured its offer around artificial intelligence, using tools developed by Sword Group. As at 1 April 2024, in view of the reorientation of the activities of AAA Group Ltd, the Group offered to buy for €740,000 the 51% of shares issued by that company and previously sold. For the year ended 31 December 2024, AAA Group Ltd was fully consolidated. This acquisition was part of the Group's strategy to strengthen its position in the field of artificial intelligence. See Note 11.1.

On 28 June 2024, the Group acquired 100% of the shares in IACS Consulting Ltd for GBP 3,667,000 (equivalent to €4,127,000), excluding any additional payments or adjustments. IACS Consulting Ltd is an Aberdeen-based company that specialises in cybersecurity for industrial automation control systems. See Note 11.1.

On 1 July 2024, the Group acquired 100% of the shares in Incor AG for CHF 2,107,000 (equivalent to €2,187,000), excluding deferred and additional payments. This company, based in Bern (Switzerland), works in IT project consultancy, implementation and monitoring and software development, with a particular focus on digital transformation. It concentrates mainly on the public institutions of the Swiss Confederation. See Note 11.1.

NOTE 2. BASIS FOR PREPARATION AND ACCOUNTING PRINCIPLES

2.1 Basis for preparation

The consolidated financial statements are presented in thousands of euros (the Company's functional currency), rounded off to the nearest thousand, unless otherwise indicated. They are prepared on the basis of historical cost, with the exception of derivatives and financial assets held for sale, which are measured at fair value.

Pursuant to EU Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements as at 31 December 2024 were prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union (hereinafter "IFRS" or "IFRS standards").

Assets and liabilities, expenses and income were not offset, unless permitted or required by IFRS standards.

2.2 Change of accounting methods

2.2.1. New and revised IFRS standards impacting the amounts presented or the disclosures to be provided in the consolidated financial statements

With effect from 1 January 2024, the Group adopted the following amendments:

- **Amendments to IAS 1: *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current***

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. Based on the current configuration, there has been no reclassification.

- **Amendments to IAS 1: *Presentation of Financial Statements – Non-current Liabilities with Covenants***

The amendments clarify that only covenants such as compliance with the financial ratios applying on or before the reporting date affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date (and should therefore be taken into account in assessing whether the liability should be classified as current or non-current). Such covenants have an impact on whether such a right exists as at the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least 12 months after the reporting date is not affected if the entity is required to comply with a covenant only after the reporting date. However, if the entity's right to defer settlement of a liability is conditional on the entity complying with covenants within 12 months of the reporting date, the entity must disclose information that enables users of the financial statements to understand the risk that the liabilities will become repayable within 12 months of the reporting date, including information about the covenants, the carrying amount of the related liabilities and the facts and circumstances, if any, that indicate that the entity may not be able to comply with the covenants. The adoption of the amendments made by IAS 1 has had no impact on the classification of financial debt.

- **Amendments to IFRS 16: Leases – Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions which satisfy the requirements in IFRS 15: *Revenue from Contracts with Customers* and which must be recognised as a sale. Under these amendments, a seller-lessee must determine "lease payments" or "revised lease payments" in a way that it does not recognise the gain or loss made on the right of use it retains, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or total termination of the lease. The amendments are to be applied retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the opening of the year in which the entity first applied IFRS 16. The adoption of the amendments made by IFRS 16 has had no impact on the Group's financial statements.

2.2.2. New and revised IFRS standards, published but not yet applicable

None of the new IFRS standards or IFRIC interpretations or amendments thereto that had been issued by the IASB/IFRS Interpretations Committee (IFRS IC) by the date of approval of these consolidated financial statements but which were not yet applicable and for which the Group has not opted for early application, are likely to impact the Group's financial statements, except for the following revised standards:

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements, such as (i) the introduction of new categories and subtotals in the income statement; (ii) the disclosure of information on management-defined performance measures in the notes to the financial statements; and (iii) the improvement of the aggregation and disaggregation of financial information.

In addition, some paragraphs in IAS 1 have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 *Financial Instruments: Disclosures*. The IASB has also made minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share*.

The new standard takes effect for annual reporting periods commencing on or after 1 January 2027, subject to approval by the EU, and is to be applied retrospectively. Earlier application is permitted. The amendments to IAS 7 and IAS 33, as well as the revised versions of IAS 8 and IFRS 7, will take effect when the Group applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Group is currently considering the detailed implications of applying the new standard as regards the primary financial statements and notes to the financial statements and expects its application to have an impact, in terms of presentation and aggregates, on the consolidated financial statements in future reporting periods.

2.3 Use of estimates

Preparing consolidated financial statements in accordance with IFRS requires management to make estimates and select scenarios in the process of applying accounting principles.

Those areas involving a higher level of judgement or complexity, or those for which the estimates and scenarios are significant with respect to the consolidated financial statements, are presented in Note 3.

2.4 "Current" and "non-current" presentation

The consolidated statement of financial position is presented according to the "current" and "non-current" distinction defined by IAS 1. Current assets and liabilities are those which the Group expects to realise, consume or settle during the normal operating cycle, which may extend beyond 12 months after the reporting date. All other assets and liabilities are non-current.

2.5 Translation methods

2.5.1. Translation of the financial statements of foreign subsidiaries

The functional currency of each of the Group's entities is the currency of the economy in which the entity is operating.

The accumulated impact of the translation of financial statements of foreign operations is recognised in equity under "Foreign-currency translation reserve". The assets and liabilities of foreign operations are translated at the closing rate and their income and expenses at the average rate for the year.

Translation differences on monetary items which constitute a receivable or a payable from/to a foreign subsidiary, the settlement of which is not planned or is unlikely, and which constitute a share of the net investment in the foreign subsidiary, are initially recognised in other comprehensive income and recognised in profit or loss at the time of reimbursement of monetary items.

At the time of the disposal of a foreign subsidiary, all accumulated translation differences in equity are recognised in profit or loss.

2.5.2. Transactions in foreign currencies

Transactions denominated in foreign currencies are converted into the functional currency at the exchange rate prevailing at the time of the transaction. At the year end, any accounts receivable or accounts payable in foreign currency are converted at the closing exchange rate.

Translation differences arising when these transactions are settled and when monetary assets and liabilities denominated in foreign currencies are converted at the closing exchange rate are reported in the income statement.

Exchange rate of the euro to the most significant foreign currencies as at 31 December 2024 and 31 December 2023:

(Currency)	Closing rate		Average rate	
	2024	2023	2024	2023
Pound sterling	0.8292	0.8691	0.8466	0.8699
US dollar	1.0389	1.1050	1.0820	1.0816
Australian dollar	1.6772	1.6263	1.6399	1.6285
Canadian dollar	1.4948	1.4642	1.4819	1.4596
Swiss franc	0.9412	0.9260	0.9526	0.9717
Saudi riyal	3.9590	-	4.0709	-
Indian rupee	88.9363	91.9033	90.5305	89.3256

2.6 Consolidation method

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together constituting "the Group"), prepared as at 31 December 2024. A list of consolidated companies is provided in Note 10.1.

2.6.1. Subsidiaries

A subsidiary is a company over which the Group has direct or indirect control. Subsidiaries are consolidated using the full consolidation method as of the date on which the Group acquires control, and are deconsolidated as of the date on which such control ends.

Control is considered to exist if and only if:

- the Group exerts power over the subsidiary;
- it is exposed or entitled to variable returns due to its links with the subsidiary; and
- it is able to exert its power over the subsidiary in such a way as to influence the amount of returns it obtains.

Controlled entities are those where the Group has the power to direct their financial and operational policies.

The financial statements of subsidiaries are prepared for the same reference period as those of the Group, using uniform accounting principles.

All intra-group transactions and balances are eliminated in the consolidation process. The profits and losses realised due to the disposal of assets within the Group are fully eliminated.

Profit or loss and each item in other comprehensive income are allocated to shareholders in the parent company and to non-controlling interests (i.e. minority interests), even if this results in a deficit balance.

Changes in the Group's ownership interest in a consolidated subsidiary that do not result in a loss of control only affect equity.

As a result, when acquiring an additional interest in a consolidated subsidiary, the difference between the purchase price and the carrying amount of the minority interests acquired is recognised as a change in equity – Group share.

2.6.2. Loss of control in a subsidiary

When the Group loses control over a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the total fair value of the consideration received and the fair value of any interest retained, and (ii) the former carrying amount of the assets (including goodwill) and liabilities of the subsidiary, as well as any non-controlling interest.

All amounts previously recognised in other comprehensive income pertaining to the subsidiary in question are recognised in profit or loss for the year or transferred to another category of equity, where appropriate, as if the Group had directly deconsolidated the subsidiary's assets and associated liabilities.

The fair value of an interest retained in the former subsidiary on the date of loss of control must be considered as being the fair value at the time of initial recognition for the purposes of subsequent recognition under IFRS 9.

2.6.3. Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of these entities without however controlling them.

A holding of 20% or more of the voting rights in an entity (directly or indirectly) will indicate significant influence unless it can be clearly demonstrated that the Group does not have significant influence. Conversely, if the Group holds under 20% of the voting rights in an entity (directly or indirectly) and it can be clearly demonstrated that the Group exercises significant influence, the interest is classified as an associate.

Investments in associates are initially recognised under the cost method, before being recognised under the equity method. They include the goodwill observed at the time of acquisition and are presented net of accumulated impairment losses. Associates recognised under the equity method are subject to an impairment test if there is an objective indication of impairment. If the recoverable amount of the investment is lower than its carrying amount, an impairment loss is then recognised in the profit or loss for the year.

From acquisition until the date on which significant influence is lost, the Group share in the profit or loss of associates is recognised in the profit for the year while the Group share in other comprehensive income is recognised in other comprehensive income. Accumulated movements since acquisition are recognised by adjusting the initial cost, on the assets side, in the consolidated statement of financial position.

2.7 Business combination

When the Group takes control of an entity, the identifiable assets and liabilities are recognised at their fair value on the date of acquisition.

The consideration transferred in a business combination corresponds to the fair value of assets transferred (including cash), liabilities assumed and equity instruments issued by the Group in exchange for control of the acquired entity. The costs directly related to the acquisition are recognised in profit or loss.

Goodwill is measured as the positive difference between the following two items:

- the sum of (i) the consideration transferred and, where appropriate, (ii) the amount of non-controlling interests (minority interests) in the acquired entity and (iii) the fair value of interests already held by the Group prior to acquiring control; and
- the net amount on the acquisition date of the fair value of identifiable assets and liabilities acquired and assumed.

If, after confirmation of the values, this difference is negative, the amount is immediately recognised in the profit as a gain on a bargain purchase.

Goodwill is recognised on the assets side of the consolidated statement of financial position under "Goodwill" and is subject to an annual impairment test (see section 2.8 below).

In addition, in the goodwill measurement explained below, the amount of non-controlling interests can be measured, on a case-by-case basis and at the Group's discretion, either at fair value ("full goodwill" option) or at the share of the acquired entity's identifiable net assets ("partial goodwill" option).

Acquisition differences are recognised in the functional currency of the acquiree.

Any additional payments are included in the acquisition price at their fair value on the date on which control was acquired. This takes the form of a consideration in equity or debts depending on how the additional payments are settled.

The subsequent recognition of changes in fair value of contingent consideration depends on its classification in the consolidated financial statements.

Any contingent consideration classified as an asset or liability is remeasured on the subsequent reporting dates in accordance with IFRS 9 or IAS 37, depending on the case, and the ensuing gain or loss is recognised in the profit for the year.

Acquiring control through consecutive purchases is analysed as a twofold operation: first, a disposal of the entire previously held interest; and second, an acquisition of all shares with recognition of an acquisition difference (goodwill) on the entire interest (old batch and new acquisition).

If the initial recognition of a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which there is incomplete recognition.

During the measurement period, the provisional amounts are adjusted retrospectively to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised on that date. However, the measurement period shall not exceed one year from the acquisition date.

2.8 Goodwill

Goodwill arising from the acquisition of a business is recognised at the cost established on the acquisition date (see Note 2.7), less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs), namely those likely to benefit from the synergies expected of the business combination and representing, within the Group, the lowest level at which goodwill is monitored for internal management purposes. CGUs correspond to operating segments.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use, determined using the cash-flow discounting method. When the recoverable amount is lower than the carrying amount, an impairment loss must be recognised.

The impairment loss is then allocated, firstly as a decrease in the carrying amount of any goodwill allocated to the CGU, and then, for the remainder, as a decrease in the carrying amount of the CGU's other assets pro rata on the basis of the carrying amount of each asset in the CGU.

Goodwill is not depreciated and is subject to impairment testing at least once a year by comparing the carrying amount with the recoverable amount as at the reporting date, determined on the basis of three-year cash-flow forecasts. Impairment testing may occur more frequently if events or circumstances indicate that the carrying amount is not recoverable.

2.9 Intangible assets other than goodwill

Intangible assets other than goodwill comprise mainly software, SaaS (software as a service) contracts, software maintenance contracts, client relations and production backlog, recognised during business combination, the amount paid to buy out a non-compete clause (see Note 15) and development costs for upgrading existing software solutions.

2.9.1. Intangible assets acquired separately

Intangible assets acquired separately mainly comprise the non-compete clause. It has an indefinite useful life and is consequently recognised at its acquisition cost less any accumulated impairment losses.

2.9.2. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if they meet the definition of an intangible asset. The cost of intangible assets corresponds to their fair value on the acquisition date.

After initial recognition, these intangible assets are depreciated using the straight-line method over an expected useful life of the following duration:

- Software (and associated contracts): 5–10 years
- Order books: 3 months to 5 years

2.9.3. Intangible assets generated internally

Research costs are recognised as an expense in the period in which they are incurred.

Development costs are capitalised when they meet the following criteria:

- the technical feasibility needed for completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the probability that the Group will accrue future economic benefits as a result of the intangible asset;
- the availability of adequate technical, financial and other resources to realise the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development costs that meet the above criteria are treated as assets up to the level of the direct costs attributed to the project. They are depreciated over the expected useful life, as of the project marketing date.

Bearing in mind the specific characteristics of the Group's activities, the crucial criterion is technical feasibility, since that is generally the last criterion to be met. The risks and uncertainties involved in the development of new software are such that it is impossible to demonstrate a product's technical feasibility until shortly before it is launched. Consequently, costs incurred in this phase of development, which are likely to be capitalised, are immaterial and are therefore recognised in profit or loss as they are incurred.

Internal and external direct expenses incurred for major updates to marketed software and upgrades delivering additional functionalities are capitalised.

2.9.4. Derecognition of intangible assets

An intangible asset is derecognised when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset (determined as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss.

2.10 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, including directly attributable costs less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalised if it is likely that the future economic benefits associated with the item will be enjoyed by the Group and if its cost can be estimated reliably. All other expenditure is recognised immediately as expenses as it is incurred.

Items are depreciated using the straight-line method in accordance with the expected useful life of the item in question. An impairment loss is recognised, where appropriate, when the carrying amount exceeds the recoverable amount (see Note 2.11).

The estimated useful lives of various items are as follows:

- | | |
|----------------------------|-----------|
| ▪ Facilities and fixtures: | 10 years |
| ▪ Transport equipment: | 5 years |
| ▪ Office equipment: | 3–5 years |
| ▪ Computer hardware: | 3 years |
| ▪ Office furniture: | 10 years |

The depreciation arrangements for property, plant and equipment are reviewed annually and can be altered prospectively depending on the circumstances.

A property, plant and equipment item is derecognised when it is disposed of or when no future economic benefits are expected from the continuing use of the asset. The gain or loss arising from the disposal or decommissioning of a property, plant and equipment item is the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit or loss.

2.11 Impairment of intangible assets and property, plant and equipment

As at each reporting date, the Group reviews the carrying amounts of its intangible assets and property, plant and equipment in order to determine if there is any indication of an impairment loss. If there is, then the recoverable amount is estimated with a view to determining the amount of the impairment loss.

If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When measuring value in use, estimated future cash flows are discounted by applying a pre-tax rate that reflects the current assessment of the time value of money and the risks specific to the asset for which the future cash-flow estimates have not been adjusted.

If the estimated recoverable amount of an asset (or CGU) is less than its carrying amount, the carrying amount of the asset (or CGU) shall be reduced to its recoverable amount. Any impairment loss is recognised immediately in profit or loss.

If an impairment loss is reversed subsequently, the carrying amount of the asset or CGU is increased in line with the revised estimated recoverable amount provided that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset in previous years. The reversal of an impairment loss is recognised immediately in profit or loss. However, no reversal is possible for impairments of goodwill.

2.12 Fair value

The Group measures financial instruments, such as derivative instruments and financial assets held for sale, at fair value as at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. A fair-value measurement entails the transaction to sell the asset or transfer the liability taking place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal (or most advantageous) market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The measurement of an asset takes into account a market participant's ability to generate an economic benefit by using the asset in its highest and best use or by selling it to another market participant that will use the asset in its highest and best use. Highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

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

All of the assets or liabilities for which a fair value is measured or presented in the consolidated financial statements are classified in the fair-value hierarchy (see Note 5.1).

2.13 Financial instruments

2.13.1. Classification

Financial assets are divided into the following categories:

- Financial assets at depreciated cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

Financial assets are measured at depreciated cost if the following two conditions are met:

- holding them forms part of a business model where the aim is to hold assets to collect the contractual cash flows arising from them;
- their contractual terms give rise, on specified dates, to cash flows that correspond solely to repayments of the principal and interest payments on the outstanding principal.

Financial assets at depreciated cost comprise trade and other receivables, deposits and guarantees, and cash and cash equivalents.

On initial recognition, equity instruments are classified by default as financial assets at fair value through profit or loss unless the Group makes an irrevocable decision to present those not held for trading as financial assets at fair value through other comprehensive income. This decision is made on an investment-by-investment basis. This is the case for non-consolidated interests in listed and unlisted companies.

Derivatives with a positive value are included in financial assets at fair value through profit or loss.

Financial liabilities are classified either as financial liabilities at depreciated cost or as financial liabilities at fair value through profit or loss.

Financial liabilities at depreciated cost comprise bank borrowings, and trade and other payables.

Derivatives with a negative value are included in financial liabilities at fair value through profit or loss.

2.13.2. Initial measurement

Financial assets/liabilities are recognised initially at fair value, plus/less directly attributable transaction costs in the case of financial instruments which are not at fair value through profit or loss.

2.13.3. Subsequent measurement

After initial recognition, financial assets at depreciated cost are measured at depreciated cost using the effective interest method, less impairment provisions. Discounting is omitted for short-term loans and receivables, in view of the negligible impact thereof.

The effective interest method is a method for calculating the amortised cost of a financial instrument and allocating interest income during the period in question. The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or, where appropriate, over a shorter period, to the net carrying amount.

Financial assets at fair value through other comprehensive income are measured subsequently at fair value with recognition of latent gains or losses in other comprehensive income and accumulated in an item called "Revaluation reserve".

Financial assets at fair value through profit or loss are measured subsequently at fair value, with gains and losses being recognised in profit or loss.

All financial liabilities are subsequently measured at depreciated cost using the effective interest method or fair value through profit or loss.

2.13.4. Impairment of financial assets

In accordance with IFRS 9, the Group applies the "expected credit losses" model. This impairment model mainly relates to financial assets measured at depreciated cost and to contract assets.

The Group measures over a 12-month period the risk of default to which instruments with the following characteristics are exposed:

- debt instruments that are established to have a low credit risk as at the reporting date; and
- other debt instruments whose credit risk (i.e. the risk of default over the expected life of the financial instrument) has not increased significantly since their initial recognition.

In other cases, the credit risk is calculated over the life of the assets concerned.

The Group considers that a debt instrument has a low credit risk if its credit rating is equivalent to that resulting from an "investment grade" classification, i.e. if its credit rating is higher than or equal to BAA3 (Moody's) or BBB- (S&P).

The Group assumes that the credit risk associated with a financial asset has increased significantly if payments have been in arrears for more than 30 days.

The Group considers a financial asset to be in default when:

- it is unlikely that the borrower will settle all its credit obligations to the Group without the Group resorting to actions such as realising the collateral (if any); or
- the financial asset has matured more than 90 days previously.

Measurement of expected credit losses

Expected credit losses are an estimate of credit losses using a model predicting the probability of a default. Credit losses are measured based on the present value of all estimated cash flow deficits (i.e. the difference between the cash flows that are due to the Group under the terms of the contract and the expected cash flow).

Expected credit losses are discounted at the effective interest rate of the financial asset, unless the impact of discounting is considered immaterial.

When the Group assesses trade receivables and contract assets collectively for impairment, the provisioning requirements are measured based on the Group's credit loss history, following any adjustment for changes in macroeconomic indicators such as inflation, interest rates, unemployment rates or GDP.

Credit-impaired financial assets

The Group measures as at each reporting date whether financial assets recognised at depreciated cost are likely to be credit-impaired. Therefore, financial assets are impaired if one or more events occur that have an adverse effect on the estimated future cash flows of these assets, such as a default on payment by a debtor.

Any receivable that has been outstanding for more than 90 days is fully provisioned unless the Group has information indicating that full or partial recovery is likely.

Presentation of impairment losses

In the balance sheet, loss allowances related to financial assets measured at depreciated cost are deducted from the assets' gross carrying amount.

Impairment losses on trade receivables and other receivables, including contract assets, are presented separately in the income statement.

2.13.5. Derecognition

A financial asset is derecognised if and only if the contractual rights to cash flows related to the financial asset mature or if the Group substantially transfers all of the risks and benefits involved in ownership of the asset.

Upon the derecognition of a financial asset measured at depreciated cost, the difference between the carrying amount of the asset and the sum of the consideration received or due to be received is recognised in profit or loss.

However, at the time of the derecognition of an investment in an equity instrument which the Group has elected to measure at fair value through other comprehensive income on initial recognition, the profit or loss accumulated previously in "Revaluation reserve" is not reclassified to profit or loss but transferred to retained earnings.

A financial liability is derecognised if and only if the obligation stated in the contract is settled or cancelled or if it matures. The difference between the carrying amount of the derecognised financial liability and the consideration paid and due is recognised in profit or loss.

If the Group exchanges a debt instrument with an existing lender for another debt instrument with substantially different terms, this exchange is recognised as eliminating the original financial liability, with this being replaced with the recognition of a new financial liability. Similarly, the Group recognises a material change in the terms of an existing financial liability or part of the existing financial liability as eliminating the original financial liability, with this being replaced with the recognition of a new financial liability.

2.13.6. Offsetting

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and it is intended either to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Derivative financial instruments

The Group uses various derivative financial instruments to manage its exposure to changes in interest rates and exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is concluded, and subsequently measured at fair value at the end of each period. The ensuing gain or loss is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset, while a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has a legally enforceable right to offset them and intends to do so.

2.15 Trade receivables

Trade receivables are amounts receivable from clients for goods sold or services rendered in the normal course of business. They are part of current assets provided that they are realised during the normal operating cycle. Otherwise, they are part of non-current assets.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term deposits originally maturing in less than three months and any monetary investment subject to a negligible risk of change in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above, net of current bank overdrafts. Current bank overdrafts are presented on the liabilities side of the balance sheet under "Financial debt" in current liabilities.

2.17 Trade payables

Trade payables are obligations to pay for goods and services acquired in the normal course of business. They are part of current liabilities provided that they are settled during the normal operating cycle. Otherwise, they are part of non-current liabilities.

2.18 Commitments to repurchase non-controlling interests

When the Group grants minority shareholders of certain fully consolidated subsidiaries commitments to repurchase their investments, a financial debt is recognised in accordance with IAS 32.

The debt is initially recognised at its fair value corresponding to the current value of the estimated repurchase price at maturity, with a corresponding cancellation of the related non-controlling interests.

When the value of the debt exceeds the carrying amount of the non-controlling interests, the balance is recognised in equity in terms of the Group share.

Financial debt is remeasured at fair value as at each reporting date in accordance with the relevant contractual clauses and in the absence of any clarification provided by IFRS, with a corresponding adjustment to the financial result.

The Group has adopted a similar accounting policy when minority shareholders have an option to sell all or some of their shares to the Group.

2.19 Provisions

2.19.1. General remarks

A provision must be recognised if:

- the Group has a current legal or implicit obligation as a result of past events;
- resources will probably have to be used to meet the obligation;
- the amount of the obligation can be estimated reliably.

The provisions are recognised at the current value of the expected expenditure of resources. The provisions are discounted if there is a significant time impact. The impact of the discount realised as at each reporting date is recognised in financial expenses.

2.19.2. Onerous contracts

The current obligations arising from onerous contracts are recognised and measured as provisions. A contract is considered onerous when the Group has concluded a contract for which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits.

2.20 Taxes

Tax expense includes current and deferred tax.

2.20.1. Current tax

Current tax comprises the estimated amount of tax payable (or receivable) on the taxable profit (or loss) for a year for the Company and its subsidiaries, and any adjustments to the current tax for previous years. It is calculated on the basis of the tax rates that have been enacted or substantively enacted by the reporting date. Management will rely on their own judgement and estimates in situations where the tax regulations are open to interpretation. These positions are reviewed regularly.

2.20.2. Deferred tax

Deferred tax is recognised using the liability method for the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred tax is recognised if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, which at the time of the transaction affects neither accounting profit/(loss) nor taxable profit/(tax loss). In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred taxes are determined using tax rates and tax regulations which have been enacted or substantively enacted by the reporting date and which are intended to apply when the deferred tax asset in question is realised or when the deferred tax liability is settled.

Deferred tax assets are recognised only in so far as an actual future taxable profit, which will allow the charging of temporary differences, is likely.

To assess the Group's ability to recover these assets, the following are taken into account: forecasts of future tax results, the share of non-recurring charges that will not recur in the future included in past losses, the history of taxable profits for prior periods, and, if applicable, the tax strategy such as the proposed disposal of undervalued assets.

Deferred tax assets are recognised for temporary differences linked to investments in subsidiaries, save when the timetable for reversal of these temporary differences is controlled by the Group and when it is likely that this reversal will not take place in the near future.

Deferred tax assets and liabilities are offset per tax entity when the tax entity is entitled to offset its current tax assets and liabilities, and when the deferred tax assets and liabilities in question are levied by the same tax authority.

2.21 Leases – the Group as a lessee

At the effective date of a contract, the Group assesses whether it is, or contains, a lease. The Group recognises a right-of-use asset and a corresponding lease obligation for all leases in which it is a lessee, except short-term leases (with a term of up to 12 months) and leases where the underlying asset is of low value. For these leases, the Group recognises lease payments as operating expenses using the straight-line method over the term of the lease.

2.21.1. Lease obligations

A lease obligation is initially measured at the present value of the lease payments not paid at the start of the lease, discounted at a specific debt rate for leases under car-rental contracts, measured based on ranges of values obtained from leasing companies for similar transactions and at the marginal debt rate of the subsidiaries, acting as a lessee, for real-estate leases, calculated based on an implicit rating they have been given, plus a country risk premium based on the real estate's location.

Lease payments contributing to the measurement of a lease obligation include:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- the exercise price of purchase options the Group will certainly exercise; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease obligation is subsequently measured at amortised cost using the effective interest method.

The Group remeasures the lease obligation (along with an adjustment corresponding to the asset associated with the related right of use) if future lease payments are modified in the event of new negotiations or changes to an index or rate, or in the event of the remeasurement of options.

The Group made no such adjustments during the reporting period.

2.21.2. Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease obligation, lease payments made on or before the commencement date and any initial direct costs.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts on the commencement date of the lease. Right-of-use assets are subject to impairment testing if there is an indicator for impairment, in accordance with IAS 36. See Note 2.11.

Right-of-use assets are presented under a separate item in the consolidated statement of financial position.

2.22 Principles of revenue recognition

The Group's revenue comes mainly from the following activities:

- consulting and engineering services;
- infrastructure management, application management and resource outsourcing services;
- sales of (software) licences via a single licence, maintenance services related to the sales of licences mentioned above, comprising updates and technical support, SaaS contracts (see the definition below) and the development of additional functionality for standard products commissioned by clients.

SaaS (Software as a Service) sales are based on the principle of providing access to an application over the Internet. Users pay for the service via a service subscription, unlike the traditional model of providing software under a single licence and installing it on the client's own servers.

Revenue is recognised when the Group transfers control of the goods or services sold to the client, either on a given date or gradually.

2.22.1. Consulting and engineering services

Consulting and engineering contracts are based on deliverables and are remunerated at a fixed price. The resulting services include systems integration and the design and development of customised computer systems and associated processes. The contract term is generally between 6 and 15 months.

The contract prices may be subject to bonuses or penalties based on the achievement of specified performance goals or benefit levels provided to the client.

Revenue is generally recognised on a percentage-of-completion basis, as at least one of the following conditions is met: (i) the Group's service enhances an asset that the client obtains control of as and when the service is provided; (ii) the Group constructs an asset that has no other use (e.g. it is client-specific) and has an enforceable right to payment for the service performed to date in case of termination by the client.

The Group applies the costs incurred method to measure progress. The percentage of completion is based on the costs incurred on the date considered compared with the total estimate of costs on termination of the contract. The estimate of the total costs of the contract is reviewed if new information has come to light. Changes in the estimate of the corresponding percentage of completion are recognised in the income statement as adjustments to revenue in the period in which the items giving rise to the revised estimate became known.

Contract costs based on deliverables are recognised as expenses when they are incurred.

The Group contractually acquires the right to issue a bill on achievement of specified milestones or on the client's acceptance of the work performed.

The difference between accumulated billing and recognised accumulated revenue is reflected in the consolidated statement of financial position under contract assets (if the revenue exceeds the amount billed) or contract liabilities (if the amount billed exceeds the revenue).

2.22.2. Infrastructure management, application management and resource outsourcing services

Infrastructure management, application management and resource outsourcing contracts are remunerated on the basis of a fixed price per work unit, or based on monthly fixed prices that can be adjusted in line with changes in volumes or scope. Services are billable on a monthly basis. In certain cases, the contract may include penalties related to the level of service provided.

The contract term is generally between 3 and 12 months.

In general, revenue from service-based contracts is recognised as and when the Group acquires the right to invoice, except for special cases where the billing procedure does not reflect the value for the client of the services provided to date in relation to the value of the remaining services to be provided. Bonuses or penalties related to the level of service are, where appropriate, fully recognised in the period in which the performance targets are met or missed, as the case may be.

The amounts initially received from clients are, where appropriate, deferred and staggered over the period of the services, even if they are non-refundable. Initial amounts payable to clients, if they exceed the fair value of the assets transferred by the client, are capitalised (presented as contract assets) and depreciated over the contract period as a deduction from revenue.

2.22.3. Sales of licences, maintenance contracts, provision of SaaS applications and other software sales

If supplying a licence is identified as a distinct performance obligation, control can be transferred to the client at a specific point in time (right of use) or gradually (right of access).

The sale of software in SaaS mode gives rise to a right of access. In this situation, revenue is recognised as and when the client receives and uses the benefits of the service.

Conversely, in case of a right of use being granted, the revenue of the licence will be recognised on delivery if it complies with all the obligations stipulated in the contract.

Maintenance contracts (including updates and technical support) are concluded when the client acquires the licence to use the underlying software.

Such contracts can be renewed by the client at the end of each fixed term. Maintenance revenue is recognised on a straight-line basis over the term of the contract, with the Group having a constant duty to provide its services.

Services to develop additional functionality commissioned by the client for standard products are recognised on a percentage-of-completion basis, taking account of the contractual limitations preventing the Group from aiming the product at another client and of the enforceable right to payment for the work performed.

Revenue from other software sales mainly relates to the development of additional features requested by clients for standard products, and is recognised once this is completed. Recurring revenue from subscriptions and support is recognised in "software sales". Revenue from agreements with multiple performance obligations, which generally include licences, support and/or services, is allocated to each distinct performance obligation based on their specific sale price.

2.22.4. Resale activities

If analysis of a contract makes it possible to identify the purchase of goods or services for resale as a distinct performance obligation, it should be determined whether the Group is acting as an agent or as a principal.

It is an agent if it is not liable to the client for the performance of the service and its acceptance by this client, if it has no transformative impact on the goods or services and if it does not bear any inventory risk. In this situation, it recognises the revenue for a net amount corresponding to its margin or commission. Otherwise, if it takes control of the goods or services before they are resold to the end client, it is acting as a principal. Revenue is recognised on a gross basis and external purchases are fully recognised as operating expenses.

2.22.5. Multi-component contracts

A performance obligation must be distinguished from other obligations if the following two conditions are met simultaneously:

- First and foremost, the underlying goods or services must be distinct in absolute terms. They can be sold on their own or the client can benefit from them through resources readily available on the market.
- The goods or services must be distinct in the context of the contract, which requires the transformative relationship between the various goods and services in the contract to be analysed. This relationship does not exist if the goods or services in question are not used to produce the other goods or services that are the subject of the contract, if they do not substantially alter or adjust other goods or services promised in the contract or if they are not closely related or are heavily dependent on other goods or services promised in the contract.

If several separate performance obligations are identified within a single contract, the specific sale prices of those obligations are deemed to be the contractual sale prices.

2.22.6. Variable considerations

Variable considerations relate in particular to the provision of SaaS software and services provided on a cost-plus basis. Part of the variable remuneration corresponds to the price per work unit multiplied by the number of work units (number of incident tickets, number of users, number of servers, volumes of processed data, etc.) used by the client during each reference period.

2.22.7. Costs of obtaining contracts

The costs of obtaining a contract are recognised in assets if two conditions are met: they would not have been incurred if the contract had not been obtained, and they are recoverable.

They may relate to sales commissions if they are specifically and solely related to obtaining a contract, i.e. they have not been paid on a discretionary basis. Commissions are not capitalised if the depreciation period is one year or less.

2.22.8. Costs of executing contracts

Costs incurred prior to the signing of an enforceable contract are capitalised only if they are directly attributable to the design or implementation phase of a specifically identified contract, if the contract is likely to be signed and the costs can be recovered under the contract.

Costs incurred for the performance of a contract are recognised as expenses when they are incurred, except for certain up-front implementation costs, such as transition and processing costs, where the latter do not represent a separate performance obligation, which are capitalised if they create a resource that the Group will use to provide the promised services.

An "onerous contracts" provision is recognised if the unavoidable costs of performing the contract exceed the relevant benefits.

2.22.9. Presentation in the consolidated statement of financial position

The Group provides counter-performance in exchange for products or services transferred to a client in the form of either trade receivables or contract assets. A receivable is an unconditional counter-performance, unlike a contract asset, which is a counter-performance conditioned by factors other than the passage of time.

The majority of the Company's contract assets arise from amounts not invoiced on fixed-price service contracts, when the recognised revenue exceeds the amount billed to the client, and when counter-performance is subordinated to achievement of a milestone or subjected to the client's acceptance. The billing amount exceeding the recognised revenue is presented in contract liabilities.

2.22.10. Financing components

A financing component included in the transaction price is identified if it is significant and if the period between the completion of the service and payment for this service is greater than 12 months or if the time curve for the completion of services diverges significantly from that laid down by the rules and regulations. The Group has not identified any contracts with a significant financial component.

The Group applies the simplification measure provided for by the standard, meaning that the price does not have to be adjusted when the time lag does not exceed 12 months.

2.23 Distribution of dividends

The dividends to be distributed to the shareholders of the parent company are recognised as a liability in the Group's financial statements in the period in which the dividend distribution was approved by the General Meeting of Shareholders, until the payment thereof.

2.24 Earnings per share

Earnings per share are calculated by dividing profit or loss (attributable to the shareholders of the parent company) by the weighted average number of ordinary shares in circulation during the year. Own shares are ignored in the calculation of earnings per share or diluted earnings per share.

The diluted earnings per share are calculated by dividing profit or loss (attributable to the parent company's shareholders) by the weighted average number of ordinary shares in circulation, plus all dilutive potential ordinary shares (subscription options, warrants, etc.), less own shares. A share subscription plan is considered dilutive when it results in the issue of ordinary shares at a price lower than the average market price during the year.

2.25 Share capital

2.25.1. Ordinary shares

Ordinary shares are classified as equity instruments. Ancillary costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction from equity, net of taxes.

2.25.2. Own shares

All of the own shares held by the Group are recognised at their acquisition cost taken from equity. The income (or expense) from any disposal of own shares is charged directly to the increase (or decrease) of equity (net of taxes), so that any gains or losses do not affect the profit or loss for the year.

2.26 Employee benefits

2.26.1. Short-term benefits

Expenses relating to short-term benefits comprise gross pay, social security contributions, paid leave and other short-term benefits.

They are recognised as an expense in the period in which the services are rendered by the staff. Sums unpaid as at the reporting date are recognised in "Other current liabilities".

2.26.2. Defined-contribution pension plans

Expenses relating to defined-contribution pension plans are recognised in profit or loss on the basis of contributions paid or payable for the year in which the associated services were rendered by the beneficiaries. Sums unpaid as at the reporting date are recognised in "Other current liabilities".

2.26.3. Defined-benefit pension plans

Defined-benefit pension plans are post-employment benefit plans other than defined-contribution plans, including mainly retirement obligations defined by collective agreements or company-level agreements with employees based in Greece and France.

The Group's commitments relating to defined-benefit plans are measured using a single actuarial technique, called the "projected unit credit method".

This method is based mainly on a projection of future pension levels payable to employees, anticipating the impact of their future salary increases, and on specific assumptions, detailed in Note 21, which are updated periodically by the Group.

The Group does not outsource the management or financing of retirement benefits to an outside fund.

2.26.4. Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably engaged, without any real possibility of withdrawing, in a formal, detailed plan either for dismissal prior to the normal retirement date or offers encouraging voluntary retirement with a view to reducing staff numbers.

NOTE 3. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing consolidated financial statements, management issues judgements, performs estimates and formulates assumptions likely to have an impact on the amount of assets, liabilities, income and expenses recognised in the consolidated financial statements, as well as on the information in the notes on contingent assets and liabilities as at the reporting date.

3.1 Critical judgements made in connection with applying accounting policies

The following analysis presents the critical judgements made in connection with applying the Group's accounting principles, excluding those which involve estimates, having the most significant impact on the amounts recognised in the consolidated financial statements.

3.1.1. Revenue recognition

The Group's management makes judgements in applying IFRS 15, in particular in assessing the distinctness or otherwise of the undertakings contained in a contract and the classification as an agent or a principal.

Distinctness or otherwise of goods or services

A judgement must be made when assessing the distinctness or otherwise of the undertakings contained in a contract.

If an activity classified as a pre-production activity (such as configuration, testing or design) generates income, the Group's management assesses whether this activity is distinct in the context of the contract.

If there are strong interdependencies between the execution of the pre-production and production phases, the Group considers that the two phases are not distinct in the context of the contract and therefore constitute a single performance obligation.

The entity will then have to determine a single method for measuring percentage of completion for the purposes of the performance obligation, covering all pre-production and production phases.

On the other hand, if the pre-production phase can be considered to be distinct in the context of the contract, it will be treated as a separate performance obligation.

In the case of SaaS contracts, the contract allows the client to have Internet access to computer processing functions hosted by the Group. The contract generally provides for an implementation phase and an operation phase.

In this case, the licence is not distinct from the hosting service since the client cannot derive any benefit from the licence without the service providing continuous access to the entity's Internet platform. A judgement must be made when assessing whether the initial implementation service is distinct from the continuous access service. The Group considers that activities which are not separable from the initiation of the continuous access service, which are essential for enabling the client to access the continuous service and which can only be performed by the entity do not represent a distinct service provided to the client.

Classification as an agent or a principal

For the classification as an agent or a principal, the Group uses indicators such as the Group's responsibility to meet its undertakings to the end client, any transformative action performed by the Group with regard to sold goods or services and the inventory risk and, where appropriate, in the case of goods and services sold separately, the freedom to set prices.

In any case, it is necessary to make a judgement and to take into consideration all the facts and circumstances specific to each transaction, bearing in mind that only the intermediation margin is recorded in revenue if the Group acts as an agent.

3.1.2. Term of leases

The lease liability is recognised as an amount equal to the present value of the leases over the term of the contract.

The term of the contract mainly takes into account the period thereof that cannot be terminated. The Group adjusts this, as appropriate, by adding the period associated with a renewal or extension option that could be exercised or, conversely, by deducting the period which has become surplus to requirements after an early termination option has been exercised in the event that the associated penalties (contractual penalties and economic costs of abandonment) would be more than negligible. For real-estate leases with such a clause, management considered that the associated penalties were negligible and that the term to be taken into account by the Group should be limited to the fixed term of the lease.

Real-estate leases are generally concluded for a term of 9 to 15 years. Meanwhile, the average contractual term of a car-rental lease is three years.

3.1.3. Financial transactions involving managers in certain subsidiaries

The Group's management assessed the nature and scope of share subscription and redemption transactions in an internal fund established by the Group involving managers in certain subsidiaries (hereinafter "Co-investors") within the framework of an employee stock ownership plan (see Note 10.2.2) and concluded that the transactions in question are financial transactions and that therefore eligible persons are not remunerated for services provided in their capacity as employees.

Therefore, IFRS 2 does not apply. This conclusion is based on compliance with the following criteria:

- the Co-investors acquired shares at a price reflecting market conditions;
- the shares issued will be repurchased at a price reflecting market conditions, exposing them to the risk of a loss of capital during the holding period;
- no conditions or incentives (i.e. service conditions, performance conditions or early retirement provisions) are attached to the shares; in this regard, the Co-investors are entitled to the shares until the repurchase date, whether they are still in place or leave in the meantime;
- the Co-investors are required to make up any shortfall up to the maximum unfunded commitment to allow the internal fund to repay Sword Group SE for any loans.

In some cases, put options have been granted to Co-investors, allowing them to reduce their participation at market conditions in advance.

According to management, the granting of such options does not result in the re-characterisation of financial transactions, as the Co-investors involved remain exposed to a risk of loss for the shares they hold.

3.2 Main sources of uncertainty about estimates

The estimates and assumptions which could have an impact on the amounts of assets and liabilities as at the reporting date as well as on the consolidated financial statements are liable to change over time.

3.2.1. Goodwill impairment testing

Goodwill is subject to impairment testing at least annually, in accordance with the accounting principles set out in Note 2.11. The CGUs' recoverable amounts are determined on the basis of the calculation of their value in use and, where appropriate, their fair value less costs to sell.

The CGUs' value in use is determined using the discounted future net cash flows method, which is influenced by parameters such as estimated medium- and long-term revenue growth, expected rate of profitability and discount rate applied. The main assumptions selected by the Group for performing tests are presented in Note 14. Any change to these assumptions could have a significant impact on the recoverable amount.

3.2.2. Measurement of intangible assets arising from business combinations

The Group uses measurement techniques and assumptions to determine the fair value of intangible assets arising from a business combination. The measurement techniques and assumptions used are described in Note 5. The adoption of a different measurement model and any change to underlying variables could have a significant impact on the value attributed to these assets.

3.2.3. Useful life of intangible assets acquired in business combinations

Depreciable intangible assets acquired in business combinations are valued and depreciated taking into account their useful life forecast by the Group.

Uncertainties regarding these estimates are related mainly to the technical obsolescence that could affect software intended for sale or leased under SaaS arrangements and to the erosion rate of clients or contract renewals that could impact assets such as Software as a Service (SaaS) contracts, support contracts and, where appropriate, client relations.

3.2.4. Intangible assets with indefinite lives

The Group is of the opinion that the fee paid by the Group to the former majority shareholder in Tipik to cancel a non-compete clause (see Note 15) is comparable to an open-ended operating licence granted to the Group, an authorisation without which the Group would be unable to generate any cash flow within the scope of business activities subject to the non-compete clause.

Consequently, the fee paid was classified as an asset with an indefinite useful life that is subject to impairment testing at least once a year.

3.2.5. Recognition of deferred tax assets

Deferred tax assets can be recognised only in so far as the tax losses recorded can be used to reduce the tax burden on taxable profits. The Group's management uses budgets and medium-term growth and profitability assumptions to recognise deferred tax assets. A downward revision of the projections established by management can significantly influence the recoverable nature of deferred tax assets.

3.2.6. Revenue recognition

The Group's management makes estimates for the application of IFRS 15, in particular for the measurement of the percentage of completion of ongoing performance obligations satisfied over time.

For each ongoing performance obligation satisfied over time, in particular consulting and engineering contracts based on deliverables and remunerated on a fixed-price basis, revenue is recognised as and when services are provided, using methods based on progress evaluation inputs. According to these methods, income is recognised on the basis of the efforts already made or the inputs already used by the entity, such as hours of work or expenses incurred, compared with the estimated total for the inputs required to meet the performance obligation.

3.2.7. Measurement of expected credit losses on trade receivables and work in progress

The Group measures the relative importance of expected credit losses on the basis of historical net losses recognised in profit or loss over a three-year period. If the historical net losses (expressed as a percentage of revenue) are deemed significant, the Group uses a provision matrix to determine differentiated loss rates based on the age of the receivables outstanding as at the reporting date, except where receivables are individually measured using a statistical model to determine the probability of default.

Average net historical losses over a three-year period represented 0.1% (also 0.1% in 2023) of the average revenue calculated for the period under consideration.

Although the estimates provided above are based on historical data, the Group's management believes it is very unlikely that they will differ significantly from the actual losses that could be recorded in 2024.

3.2.8. Measurement of commitments to repurchase non-controlling interests

The fair value of the commitments to repurchase shares subscribed by minority shareholders/co-investors following the adoption of employee stock ownership plans (see Note 10.2) is based on an EBIT multiple or a formula combining EBIT multiple and revenue multiple, applied to a share of the securities issued by the subsidiaries in question, whereby this share is characterised as an underlying investment and serving as a measurement basis for these plans, adjusted to take account of the discount effect. The estimate of the fair value of the price to be paid calculated on the basis of revenue forecasts and profit margin is likely to deviate from the price that will actually be paid at maturity for the repurchase of the shares.

NOTE 4. FINANCIAL RISK MANAGEMENT POLICY

The Group is exposed to credit risk, liquidity risk and market risk (including interest-rate risk and foreign-currency risk) with respect to the use of financial instruments. Financial risk management is handled by the Finance Department and consists of minimising the potentially unfavourable impact of these risks on the Group's performance. This note gives information on the Group's exposure to various risks as well as on how the Group addresses and manages these risks.

4.1 Credit risk

The credit risk is the Group's risk of financial loss if a client or any other counterparty of a financial instrument defaults on its obligations. The main credit risk identified by the Group pertains to trade receivables, accrued income for work in progress and cash in financial institutions.

The Group's maximum exposure to credit risk by category of financial asset can be analysed as follows:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Trade and other receivables	34,839	35,700
Work in progress	63,027	45,413
Other assets	3,291	2,064
Cash and cash equivalents	70,620	62,587
TOTAL	171,777	145,764

In addition to the credit risk exposure involved in holding financial assets, i.e. trade receivables and cash, there is the risk of default represented by accrued income for work in progress, the balance of which stood at €63,027,000 as at 31 December 2024 (compared with €45,413,000 as at 31 December 2023).

The Group rigorously selects its counterparties on the basis of their credit standing, measured on the basis of multiple criteria including ratings from agencies and financial ratios.

In addition to the clients' acceptance conditions, the Group's Finance Department determines the maximum payment deadlines and sets client credit limits applied by the business units.

Client credit risk is managed by the Finance Department of each Group entity. Trade receivables due are reviewed regularly as at each reporting date by the business units. Each significant payment delay is monitored and, if necessary, made the subject of an action plan.

As a simplification measure, under Group policy, receivables that have been outstanding for more than 90 days must be fully provisioned unless the Group has reliable information (time limits imposed when awarding a public procurement contract, for example) indicating that full or partial recovery is possible, in which case the provisioned amount is adjusted.

In addition to losses recognised on the basis of objective loss indicators, the Group estimates the risk of expected credit losses that should be provisioned on the basis of historical default data (see Note 3.2.7).

As at 31 December 2024 and 31 December 2023, no provision was recognised for expected losses, given the non-significant nature of the historical losses expressed as a function of revenue.

The Group's Finance Department regularly reviews trade receivables on the basis of aged balances.

The Group's trade receivables classified by client category are as follows:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
State-owned companies	68,527	56,481
Large companies and multinationals	24,925	17,769
SMEs	6,265	8,295
TOTAL	99,717	82,545

There is no significant concentration of credit risk at Group level on the basis of trade receivables as at 31 December 2024 (also reflecting the position as at 31 December 2023).

No client accounts for more than 10% of the Group's revenue. The top 10 clients together account for 36.8% of the Group's revenue (compared with 28.9% in 2023).

See Note 18 for more information about credit risk exposure such as the breakdown of "Trade and other receivables", aged balances and details of the change in allowance for doubtful accounts.

Cash, cash equivalents and short-term investments are invested with seven financial institutions having an S&P rating of AA- or higher. With respect to managing its cash surpluses, the Group adopts a cautious short-term investment policy. Given the default-risk exposure that is considered insignificant, these assets have not been subject to allowances for expected credit losses within 12 months.

4.2 Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations.

The Board of Directors of the Parent Company is ultimately responsible for managing liquidity risk. It has established a framework for managing this risk based on proposals set out by the Group's Finance Department.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, closely monitoring projected and actual cash flows and adjusting, if necessary, the maturities of financial assets and liabilities. The details of the lines of credit available to the Group to further reduce its liquidity risk are described in Note 23.3.

The Group's Finance Department has established tools for monitoring projected cash flows for each of the Group's business units, enabling it to manage the liquidity risk with full knowledge of the situation.

The tables below provide an analysis by class of maturity, according to the amount of time until the contractual maturity date, of the Group's non-derivative financial liabilities.

The tables were prepared on the basis of undiscounted cash flows according to the earliest date by which the Group could be required to make a payment. These flows can differ from the carrying amounts of the assets and liabilities in question as at the reporting date.

The tables include cash flows related to interest and the principal. In so far as interest flows are floating rate, the undiscounted amount is obtained on the basis of market conditions prevailing as at the reporting date.

As at 31 December 2024 and 31 December 2023 respectively, the contractual maturities for the Group's financial liabilities (including interest payments) were as follows:

As at 31 December 2024

<i>(in thousands of €)</i>	<1 year	>1 year, <2 years	>2 years, <3 years	>3 years, <5 years	>5 years	TOTAL
Bank overdrafts	(675)	-	-	-	-	(675)
Bank loans and lines of credit	-	(16,000)	(30,000)	(10,000)	-	(56,000)
Lease obligations	(3,541)	(2,921)	(2,012)	(1,732)	(464)	(10,670)
Trade and other payables	(44,973)	-	-	-	-	(44,973)
Other liabilities	-	(2,432)	-	-	-	(2,432)
Commitments to repurchase securities held by minority shareholders/Co-investors (*)	(23,496)	-	(326)	(15,963)	-	(39,785)
Contingent considerations	(731)	(614)	(597)	(799)	-	(2,741)
TOTAL	(73,416)	(21,967)	(32,935)	(28,494)	(464)	(157,276)

As at 31 December 2023

<i>(in thousands of €)</i>	<1 year	>1 year, <2 years	>2 years, <3 years	>3 years, <5 years	>5 years	TOTAL
Bank overdrafts	(172)	-	-	-	-	(172)
Bank loans and lines of credit	-	(26,000)	(9,000)	-	-	(35,000)
Lease obligations	(3,604)	(3,089)	(2,383)	(2,103)	(1,093)	(12,272)
Trade and other payables	(25,013)	-	-	-	-	(25,013)
Other liabilities	-	(20)	-	-	-	(20)
Commitments to repurchase securities held by minority shareholders/Co-investors (*)	(4,432)	(24,454)	-	(423)	-	(29,309)
Contingent considerations	(1,910)	-	-	-	-	(1,910)
TOTAL	(35,131)	(53,563)	(11,383)	(2,526)	(1,093)	(103,696)

(*) Net of receivables worth a total amount of €1,475,000 (2023: €7,079,000), which is the subject of netting arrangements (see Note 10.3). Where Co-investors can request the early repurchase of their shares in Sword Co-Investment Fund SCSp on an annual basis, the repurchase commitments, net of receivables, have been classified at the most likely repayment date.

4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to developments in market prices. This risk arises from outstanding positions in foreign currencies and interest-bearing assets and liabilities.

4.3.1. Foreign-currency risk

Exposure to foreign-currency risk arises from sales and purchases made by the Group abroad, mainly denominated in US dollars, pounds sterling and Swiss francs, and the resulting amounts outstanding.

With a view to managing its exposure to foreign-currency risk, the Company's Board of Directors adopted limits for each currency and each maturity, pursuant to a proposal by the Finance Department.

With a view to mitigating the Group's exposure to such risk, the Group's net foreign-currency positions classified by maturity, both real and estimated on the basis of budgets and financial forecasts, are monitored and foreign-exchange spot or forward contracts are concluded, where appropriate, to comply with the limits set.

The table below shows the carrying amounts of monetary assets and liabilities denominated in foreign currencies as well as the overall net position for each currency as at the reporting date. Non-significant currencies as at the reporting date have been grouped together.

(in thousands of €)	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
Pound sterling	70,187	67,576	(26,161)	(31,009)	44,026	36,567
US dollar	11,980	8,845	(1,333)	(1,714)	10,647	7,131
Swiss franc	61,850	57,494	(15,647)	(22,825)	46,203	34,669
Other	2,988	2,303	(585)	(1,068)	2,403	1,235

The table below illustrates the sensitivity of profit or loss and equity to fluctuations against the euro of exchange rates applied to the Group's financial assets and liabilities denominated in foreign currencies and held by the Group as at the reporting date, i.e. the Group's net position in the currency, with all other variables remaining constant.

It assumes a fluctuation in the exchange rate in line with the historical volatility of exchange rates on the market, calculated on the basis of the previous 12 months.

(in thousands of €)	31 December 2024			31 December 2023		
	Exchange-rate changes	Impact on earnings	Impact on equity	Exchange-rate changes	Impact on earnings	Impact on equity
Currency						
Pound sterling	2%	166	1,091	3%	492	1,383
US dollar	4%	109	453	4%	117	319
Swiss franc	4%	212	1,835	4%	252	1,534

The above exchange-rate changes represent management's best estimate, bearing in mind the one-year historical volatility.

4.3.2. Interest-rate risk

The Group's financial debt mainly consists of bank debt, commitments to repurchase shares under employee stock ownership plans (see Note 10.2) and lease liabilities.

The Group does not expect a reasonable change in interest rates to have a material impact on the fair value of the lease obligations or on the repurchase commitments. Similarly, the Group does not expect such a change to have a direct and material impact on the cash flows associated with the repurchase commitments, as the discount rate is not the main component of the valuation model.

In addition, the Group has unused lines of credit to support its growth, with outstanding balances subject to variable rates of interest. The applicable variable rates are calculated on the basis of a reference rate (Euribor, for example), which cannot fall below 0%, to which a margin is added. However, the effects of rising interest rates are considerably mitigated by the introduction of a "cap" contract, which took effect on 16 December 2022, to hedge the Group against an increase in interest rates above a predetermined level (cap), subject to the immediate payment of a premium. This derivative, with a cap of 3% and a hedge with a notional value of €25 million, matured in November 2024.

As at 31 December 2024, the bank loan amounted to €56,000,000 (€35,000,000 as at 31 December 2023). See Note 23.

4.4 Capital management

The Group manages its capital in such a way that it can ensure ongoing operations while maximising return for stakeholders by optimising the gearing ratio (net debt to equity).

The Group is not subject to any external capital requirements, apart from complying with the financial ratios imposed by the banks (see Note 23.3).

As at 31 December 2024 and 31 December 2023, the financial structure ratio was as follows:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Lease obligations	(10,670)	(12,272)
Bank loans and lines of credit	(56,000)	(35,000)
Debts related to commitments to repurchase securities held by minority shareholders/Co-investors (*)	(39,785)	(29,309)
Cash and cash equivalents	69,945	62,415
Net cash	(36,510)	(14,166)
Equity	97,110	105,410
NET DEBT RATIO	-37.60%	-13.44%

(*) Net of any loans made directly to Co-investors.

Net debt, as presented above, consists of lease obligations, bank loans and lines of credit, and debt related to the repurchase of securities held by minority shareholders/Co-investors, less cash and cash equivalents. As indicated in Note 4.2, the share of lease obligations, bank loans and lines of credit, and of debt related to the repurchase of securities maturing in less than one year amounts to €27,037,000 (€8,036,000 in 2023).

NOTE 5. FAIR-VALUE MEASUREMENT

5.1 Fair-value hierarchy

To reflect the importance of the data used in fair-value measurements, the Group classifies these measurements on the basis of a two-tier hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The tables below provide an analysis of assets and liabilities recognised at fair value in the balance sheet by hierarchical level.

<i>(in thousands of €)</i>	Level 1	Level 2	Level 3	Total as at 31 December 2024
Assets at fair value				
<i>Financial assets at fair value through other comprehensive income</i>	-	-	113	113
TOTAL ASSETS AT FAIR VALUE	-	-	113	113

<i>(in thousands of €)</i>	Level 1	Level 2	Level 3	Total as at 31 December 2024
Liabilities at fair value				
<i>Financial liabilities at fair value through other comprehensive income</i>				
Contingent considerations on acquisitions	-	-	2,679	2,679
Commitments to repurchase securities held by minority shareholders/Co-investors (*)	-	-	39,785	39,785
TOTAL LIABILITIES AT FAIR VALUE	-	-	42,464	42,464

(*) Net of any loans made directly to Co-investors.

<i>(in thousands of €)</i>	Level 1	Level 2	Level 3	Total as at 31 December 2023
Assets at fair value				
<i>Financial assets at fair value through profit or loss</i>				
Derivatives	-	126	-	126
TOTAL ASSETS AT FAIR VALUE	-	126	-	126

<i>(in thousands of €)</i>	Level 1	Level 2	Level 3	Total as at 31 December 2023
Liabilities at fair value				
<i>Financial liabilities at fair value through other comprehensive income</i>				
Contingent considerations on acquisitions	-	-	1,910	1,910
Commitments to repurchase securities held by minority shareholders/Co-investors ^(*)	-	-	29,309	29,309
TOTAL LIABILITIES AT FAIR VALUE	-	-	31,219	31,219

^(*) Net of any loans made directly to Co-investors.

Should a fair-value level transfer be necessary, the Group would change the classification (bearing in mind the consequences in terms of measurement) on the date of the triggering event or on the date of the change of circumstances leading to the transfer. There was no transfer between Levels 1 and 2 during the year.

5.2 Measurement techniques

5.2.1. In the ordinary course of business

Derivative financial instruments

The fair value of an interest-rate cap contract is determined by discounting estimated future cash flows, taking into account the terms and maturity of the contract and using yield curves observable as at the reporting date. For the reasons given above, an interest-rate cap contract is classified as Level 2 of the fair-value hierarchy.

Financial assets at fair value through other comprehensive income

The equity instruments held by the Group belong to Level 3 and are measured on the basis of their net asset, as communicated by the management of the company in question. The Group makes adjustments if it notes, on the basis of the available information, that the net asset differs significantly from the fair value.

5.2.2. For business combinations, transactions with minority interests and sales of subsidiaries

Intangible assets

The fair value of software for third parties, SaaS contracts, software maintenance contracts, order books and client relations acquired in a business combination is calculated using the most appropriate method under the circumstances, including the multi-period excess earnings method, which consists of measuring the asset in question after deducting a reasonable return for the other assets generating cash flows. The valuation is a function of variables such as the rate of technological obsolescence, the client erosion rate (or the contract renewal rate) and the discount rate.

Contingent considerations (liabilities) in connection with business combinations and other acquisitions

The explanation below provides details of the techniques for measuring the fair value of contingent considerations (liabilities) and the main unobservable inputs used. Contingent considerations are classified as Level 3 of the fair-value hierarchy taking account of the use of unobservable inputs specific to the companies/interests acquired.

Incor AG

The fair value of the additional payment, payable in three instalments, in 2026, 2027 and 2028 respectively, for the acquisition of 100% of the share capital of Incor AG depends on the gross margin, as shown in the table below.

Measurement technique	Main unobservable inputs	Range of estimated values (in thousands of €)
35% of the gross margin, calculated for 2025, 2026 and 2027	- Revenue - Gross margin	7,560–9,341 16.0%–24.0%

A 10% increase or decrease in expected revenue, assuming that the gross margin remained constant, would result in a €179,000 increase/decrease in the contingent consideration relating to Incor AG as at 31 December 2024. The above information does not include any discounting, the impact of which is not considered to be material as at 31 December 2024.

IACS Consulting Ltd

The fair value of the additional payment, payable in two instalments, the first in 2025 and the second in 2026, for the acquisition of 100% of the share capital of IACS Consulting Ltd depends on the EBITDA margin, as shown in the table below.

Measurement technique	Main unobservable inputs	Estimated values (in thousands of €)
EBITDA multiple, calculated as at 31 October 2024 and 2025	- Revenue - EBITDA margin	3,263–4,017 13%–20%

A 10% increase in expected revenue, assuming that the EBITDA margin remained constant, would result in a €234,000 increase in the contingent consideration relating to IACS Consulting Ltd as at 31 December 2024. A 10% decrease in expected revenue, assuming that the EBITDA margin remained constant, would reduce to zero the contingent consideration relating to IACS Consulting Ltd as at 31 December 2024. The above information does not include any discounting, the impact of which is not considered to be material as at 31 December 2024.

Sword Software Development S.L. (formerly Lemonade Software Development S.L.)

The fair value of the additional payment, payable in two instalments, the first in 2025 and the second in 2026, for the acquisition of 49.96% of the share capital of Lemonade Software Development S.L. depends on growth in revenue, EBIT margin and cash position over a period of three years prior to the year of settlement, as shown in the table below.

Measurement technique	Main unobservable inputs	Range of estimated values	
		(2024)	(2023)
Technique combining an EBIT multiple and a revenue multiple	- Annual revenue growth rate	18%	15.0%–19.0%
	- EBIT margin	7.2%	8.0%

The fair value of the additional payment payable as at 31 December 2024 was €598,000 (€556,000 as at 31 December 2023).

The estimated fair value is expected to increase if the annual revenue growth rate goes above current estimates and the EBIT margin (expressed as a percentage of revenue) remains stable or increases.

A 25% increase or decrease in the revenue growth rate, assuming that the EBITDA margin remained constant, would not have any material effect on the contingent consideration due as at 31 December 2024.

Similarly, a 10% increase or decrease in the margin rate (EBIT), assuming that revenue remained constant, would not result in any material change in the contingent consideration due as at 31 December 2024.

AiM Services Holding S.A. (AiM)

The fair value of the additional payment relating to AiM payable as at 31 December 2024 was €106,000 (€100,000 as at 31 December 2023).

This fair value is determined on the basis of 20% of the gross margin realised on a contract with a client in the banking sector from 2022 to 2025.

A 10% increase or decrease in the gross margin rate, assuming that revenue remained constant, would not result in any material change in the contingent consideration due as at 31 December 2024.

Commitments to repurchase securities held by minority shareholders (also reported as "non-controlling interests")/Co-investors

The repurchase commitments are included at their fair value in the consolidated statement of financial position. The table below lists the techniques used for measuring both the fair value of debt related to commitments to repurchase securities held by minority shareholders/Co-investors and the main unobservable inputs used by the Group. Debts are classified as Level 3 of the fair-value hierarchy taking account of the use of unobservable inputs specific to the subsidiaries involved.

Company	Measurement technique	Key unobservable inputs	Range of estimated values (weighted averages)	
			2024	2023
Sword Co-Investment Fund	EBIT/EBITDA multiple or average of an EBIT/EBITDA multiple and a revenue multiple	- Annual revenue growth rate	3.8%–17.9% (10.9%)	4.8%–13.7% (8.6%)
		- EBIT/EBITDA margin	6.5%–22.3% (10.0%)	5.8%–13.4% (10.7%)

The estimated fair value is expected to increase if the annual revenue growth rate goes above current estimates or the EBITDA margin (expressed as a percentage of revenue) remains stable or increases.

A 25% increase in the growth rate of revenue generated by investments held by Sword Co-Investment Fund SCSp would result in a €3,364,000 increase in debt related to repurchases of securities held by Co-investors as at 31 December 2024 (€299,000 as at 31 December 2023), assuming that the EBITDA margin remained constant.

A 25% decrease in the growth rate would result in a €3,129,000 decrease in debt related to repurchases of securities held by Co-investors as at 31 December 2024 (€281,000 as at 31 December 2023).

A 10% increase in the margin rate (EBITDA) of investments held by Sword Co-Investment Fund SCSp would result in a €4,730,000 increase in debt related to repurchases of securities held by Co-investors as at 31 December 2024 (€3,116,000 as at 31 December 2023), assuming that revenue remained constant. A 10% decrease in the margin rate would result in a €4,340,000 decrease in debt related to repurchases of securities held by Co-investors as at 31 December 2024 (€2,908,000 as at 31 December 2023).

Gross debt related to repurchases of securities held by Co-investors with an early repurchase clause (payable by the first quarter of 2025 if exercised) amounted to €4,072,000 (€17,990,000 in 2023).

5.3 Reconciliation of Level 3 fair-value measurements

Contingent considerations (liabilities)/debts related to commitments to repurchase securities held by minority shareholders/Co-investors

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Balance as at opening	31,219	53,532
Acquisitions (*)	22,925	701
Disposals/payments	(8,146)	(17,150)
Total gains	(3,534)	(5,864)
BALANCE AS AT YEAR END	42,464	31,219
Total losses/(gains) relating to contingent considerations/debts related to commitments to repurchase securities held by minority shareholders/Co-investors not due as at year end	3,505	(6,643)

(*) Net of any loans made directly to Co-investors.

Total gains and losses relating to contingent considerations (liabilities) and debts related to commitments to repurchase securities held by minority shareholders/Co-investors are included in income for the year under "Financial result".

Financial assets at fair value through other comprehensive income

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Balance as at opening	-	-
Acquisitions	113	-
Total gains	-	-
BALANCE AS AT YEAR END	113	-
Total gains relating to financial assets at fair value through other comprehensive income as at year end	-	-

NOTE 6. FINANCIAL ASSETS AND LIABILITIES BY ACCOUNTING CATEGORY*As at 31 December 2024*

<i>(in thousands of €)</i>	Financial instruments at depreciated cost	Financial instruments at fair value through profit or loss	TOTAL
ASSETS			
Other assets	746	-	746
Long-term investments	746	-	746
Trade and other receivables	34,839	-	34,839
Other assets	2,545	-	2,545
Cash and cash equivalents	70,620	-	70,620
Current financial assets	108,004	-	108,004
TOTAL FINANCIAL ASSETS	108,750	-	108,750
LIABILITIES			
Lease obligations	7,129	-	7,129
Other financial debts	56,000	-	56,000
Other liabilities	1,062	18,237	19,299
Non-current financial liabilities	64,191	18,237	82,428
Lease obligations	3,541	-	3,541
Other financial debts	675	-	675
Trade and other payables	44,973	-	44,973
Other liabilities	1,432	24,227	25,659
Current financial liabilities	50,621	24,227	74,848
TOTAL FINANCIAL LIABILITIES	114,812	42,464	157,276

As at 31 December 2023

<i>(in thousands of €)</i>	Financial instruments at depreciated cost	Financial instruments at fair value through profit or loss	TOTAL
ASSETS			
Derivatives	-	126	126
Other assets	728	-	728
Non-current financial assets	728	126	854
Trade and other receivables	35,700	-	35,700
Other assets	1,336	-	1,336
Cash and cash equivalents	62,587	-	62,587
Current financial assets	99,623	-	99,623
TOTAL FINANCIAL ASSETS	100,351	126	100,477
LIABILITIES			
Lease obligations	8,668	-	8,668
Other financial debts	35,000	-	35,000
Other liabilities	-	25,433	25,433
Non-current financial liabilities	43,668	25,433	69,101
Lease obligations	3,604	-	3,604
Other financial debts	172	-	172
Trade and other payables	25,013	-	25,013
Other liabilities	20	5,786	5,806
Current financial liabilities	28,809	5,786	34,595
TOTAL FINANCIAL LIABILITIES	72,477	31,219	103,696

NOTE 7. BREAKDOWN OF REVENUE

Breakdown by market type	31 December 2024	31 December 2023
Governments	65,249	43,799
European institutions	96,905	86,158
International organisations	46,191	43,511
Energy	72,355	72,903
Finance, health, telecommunications and others	42,315	41,757
Total	323,015	288,128

See Note 9 for a breakdown of revenue by geographical segment.

NOTE 8. ASSETS AND LIABILITIES RELATING TO REVENUE RECOGNITION

The table below provides information on trade receivables, work in progress and deferred income.

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Trade and other receivables (assets)	34,839	35,700
Work in progress (assets)	63,027	45,413
Assets relating to costs of executing contracts ⁽¹⁾	-	1,997
Deferred income (liabilities)	18,028	22,995

IFRS 15 uses the terms "contract assets" and "contract liabilities" to refer to the items commonly known as "Work in progress" and "Deferred income". However, this standard does not prevent an entity using other terms in its statement of financial position.

The Group has used the terms "Work in progress" and "Deferred income" to label these items in assets and liabilities.

The Group records in deferred charges under "Assets relating to costs of executing contracts" costs related to installation and configuration services for certain software packages, whose revenue and associated costs are only recognised when the software is commissioned, regardless of whether this is marketed as licences or in SaaS mode. These assets are included in "Prepaid expenses". Such assets no longer exist as at 31 December 2024.

In accordance with IFRS 15, revenue recognised before the date when it is billed to clients is recognised as "Work in progress". Interim payments exceeding the revenue recognised as at the reporting date are recorded as "Deferred income".

8.1 Analysis of significant changes in assets and liabilities relating to revenue recognition

The change in work in progress, costs of executing the activated contracts and deferred income is proportional to revenue recognition.

8.2 Revenues relating to deferred income

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Revenues recognised during the year and included in the opening balance of deferred income ⁽¹⁾	12,844	14,620

⁽¹⁾ This may include in particular the impact of changes in estimates on the measurement of the variable considerations and of such changes on the progress of the performance obligations recognised over time.

8.3 Outstanding performance obligations

Schedule of outstanding performance obligations on long-term and fixed-price contracts

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Less than 1 year	218,176	194,694
Between 1 and 2 years	82,223	79,046
Between 2 and 3 years	134,153	128,970
Share of revenue allocated to outstanding performance obligations as at reporting date	434,552	402,710

The above schedule corresponds to the order-book schedule (also known as the "production backlog").

NOTE 9. SEGMENT INFORMATION

For the year ended 31 December 2024, the Group had the following operating segments:

- Services/United Kingdom
- Services/Belux
- Services/Switzerland
- Software

9.1 Information by segment

9.1.1. Analysis of the income statement as at 31 December 2024

<i>(in thousands of €)</i>	Services/ Belux	Services/ Switzerland	Services/ United Kingdom	Non- allocated	Consolidated total
Revenue outside Group <i>(external clients)</i>	109,254	116,372	97,389	-	323,015
Total revenue	109,254	116,372	97,389	-	323,015
Earnings before interest, taxes, depreciation and amortisation, excluding non- recurring items (EBITDA)	11,777	15,903	11,139	-	38,819
Depreciation charges	(2,889)	(2,920)	(2,313)	-	(8,122)
Earnings before interest and taxes, excluding non-recurring items (EBIT)	8,888	12,983	8,826	-	30,697
Income from disposals of assets	(4)	(148)	346	-	194
Impairment losses on assets	-	(94)	-	-	(94)
Other non-recurring items	(2,705)	(1,143)	(754)	(1,045)	(5,647)
Operating profit (OP)	6,179	11,598	8,418	(1,045)	25,150
Financial result					2,070
Income tax					(5,098)
Profit for the year					22,122
Non-controlling interests					313
Group share					21,809

9.1.2. Analysis of the income statement as at 31 December 2023

<i>(in thousands of €)</i>	Services/ Belux	Services/ Switzerland	Services/ United Kingdom	Non- allocated	Consolidated total
Revenue outside Group <i>(external clients)</i>	97,625	96,207	94,296	-	288,128
Total revenue	97,625	96,207	94,296	-	288,128
Earnings before interest, taxes, depreciation and amortisation, excluding non- recurring items (EBITDA)	9,570	14,459	10,821	-	34,850
Depreciation charges	(2,548)	(2,735)	(2,331)	-	(7,614)
Earnings before interest and taxes, excluding non-recurring items (EBIT)	7,022	11,724	8,490	-	27,236
Income from disposals of assets	(5)	35	(1,044)	(146)	(1,160)
Impairment losses on assets	-	-	-	-	-
Other non-recurring items	(2,660)	(1,120)	(754)	259	(4,275)
Operating profit (OP)	4,357	10,639	6,692	113	21,801
Financial result					5,019
Share of profit or loss of associates					(125)
Income tax					(3,586)
Profit for the year					23,109
Non-controlling interests					287
Group share					22,822

9.1.3. Analysis of assets and liabilities as at 31 December 2024

<i>(in thousands of €)</i>	Services/Belux	Services/ Switzerland	Services/ United Kingdom	Non- allocated	Adjustments and eliminations	Consolidated total
Segment assets	86,623	86,012	94,023	-	-	266,658
Non-allocated assets	-	-	-	25,889	-	25,889
TOTAL ASSETS	86,623	86,012	94,023	25,889	-	292,547
Segment liabilities	56,784	52,013	29,447	-	80,884	219,128
Non-allocated liabilities	-	-	-	57,193	(80,884)	(23,691)
TOTAL LIABILITIES	56,784	52,013	29,447	57,193	-	195,437
<i>Investments in property, plant and equipment and intangible assets during the year</i>	<i>1,473</i>	<i>145</i>	<i>1,058</i>	<i>-</i>	<i>-</i>	<i>2,676</i>

9.1.4. Analysis of assets and liabilities as at 31 December 2023

<i>(in thousands of €)</i>	Services/Belux	Services/ Switzerland	Services/ United Kingdom	Non- allocated	Adjustments and eliminations	Consolidated total
Segment assets	74,819	72,242	72,250	-	-	219,311
Non-allocated assets	-	-	-	31,232	-	31,232
TOTAL ASSETS	74,819	72,242	72,250	31,232	-	250,543
Segment liabilities	46,176	33,806	30,122	-	79,164	189,268
Non-allocated liabilities	-	-	-	35,029	(79,164)	(44,135)
TOTAL LIABILITIES	46,176	33,806	30,122	35,029	-	145,133
<i>Investments in property, plant and equipment and intangible assets during the year</i>	<i>3,314</i>	<i>1,725</i>	<i>1,098</i>	<i>57</i>	<i>-</i>	<i>6,194</i>

See Note 14.2 for allocation of goodwill to cash-generating units.

All the assets are allocated to the segments, except assets which cannot be allocated to a CGU, which comprise mainly cash and cash equivalents held by the Company.

All the liabilities are allocated to the segments, except liabilities which cannot be allocated to a CGU, which comprise mainly loans taken out by the Company with credit institutions, amounting to €56,000,000 as at 31 December 2024 (€35,000,000 as at 31 December 2023) (see Note 23).

NOTE 10. GROUP INFORMATION**10.1 Scope of consolidation**

Company	Main business	Method	% controlled		% interest	
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
Luxembourg						
Sword Group SE	Parent company					
Sword Co-Investment Fund SCSp	Holding company	FC	100%	100%	100%	100%
Sword Technologies S.A.	IT Services	FC	100%	100%	100%	100%
Belgium						
Sword Integra S.A.	IT Services	FC	100%	100%	100%	100%
Tipik Communication Agency S.A.	IT Services	FC	100%	100%	100%	100%
Vadear S.A.	IT Services	FC	100%	100%	100%	100%
Canada						
Sword Corporation Inc. ⁽¹⁾	IT Services	FC	100%	100%	45%	45%
Cyprus						
Sword Cyprus Ltd	IT Services	FC	100%	100%	100%	100%
United Arab Emirates						
Sword Middle East FZ LLC	IT Services	FC	100%	100%	100%	100%
United States						
Sword ITS LLC	IT Services	FC	100%	100%	100%	100%
Sword Solutions Inc.	IT Services	FC	100%	100%	100%	100%
Spain						
Sword Software Development S.L. ⁽²⁾	IT Services	FC	100%	100%	100%	100%
France						
Le Connecteur S.à r.l. ⁽³⁾	-	FC	-	100%	-	100%
Sword Software France S.à r.l.	-	FC	100%	100%	100%	100%
Greece						
Sword Services Greece S.A.	IT Services	FC	99%	99%	99%	99%
India						
Sword Global India Pvt Ltd	IT Services	FC	100%	100%	100%	100%
Lebanon						
Sword Lebanon SAL	IT Services	FC	100%	100%	100%	100%
Sword Middle East LLC	IT Services	FC	98%	98%	98%	98%
Netherlands						
DataCo Netherlands B.V.	IT Services	FC	100%	100%	100%	100%
United Kingdom						
AAA Group Ltd ⁽⁴⁾	IT Services	FC	100%	-	100%	-
AAA Ltd ⁽⁴⁾	IT Services	FC	100%	-	100%	-
Infinity Ltd	IT Services	FC	100%	100%	100%	100%
IACS Consulting Ltd ⁽⁵⁾	IT Services	FC	100%	-	100%	-
Phusion IM Ltd	IT Services	FC	100%	100%	100%	100%
Ping Network Solutions Ltd	IT Services	FC	100%	100%	100%	100%
Sword Charteris Ltd	Holding company	FC	100%	100%	100%	100%

Company	Main business	Method	% controlled		% interest	
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
<i>United Kingdom</i>						
Sword IT Solutions Ltd	IT Services	FC	100%	100%	100%	100%
Sword Soft Ltd	Holding company	FC	100%	100%	100%	100%
Sword Technology Solutions Ltd	IT Services	FC	100%	100%	100%	100%
<i>Switzerland</i>						
CBA Sourcing S.A.	IT Services	FC	51%	51%	51%	51%
Incor AG ⁽⁶⁾	IT Services	FC	100%	-	100%	-
Sword Services S.A.	IT Services	FC	100%	100%	100%	100%
Sword Technologies S.A. ⁽¹⁾	IT Services	FC	45%	45%	45%	45%
Swissgenia S.A. ⁽⁷⁾	IT Services	FC	-	100%	-	100%
Sword Services Holding S.A.	IT Services	FC	100%	100%	100%	100%
Sword Suisse Holding S.A.	Holding company	FC	100%	100%	100%	100%
Sword Venue S.à r.l.	Software	FC	100%	100%	100%	100%
<i>Australia</i>						
Onsite Information Management Pty Ltd	IT Services	FC	100%	100%	100%	100%
<i>Saudi Arabia</i>						
Sword IT Arabia ⁽⁸⁾	IT Services	FC	100%	-	100%	-

⁽¹⁾ The Group signed a shareholders' agreement taking effect on 1 January 2014 that gave it control over Sword Technologies S.A. (Switzerland). Consequently, the company and its subsidiary Sword Corporation Inc. are fully consolidated.

⁽²⁾ Formerly Lemonade Software Development S.L.

⁽³⁾ Dissolved as of 1 January 2024.

⁽⁴⁾ The Group increased its stake in AAA Group Ltd from 49% to 100% with effect from 1 April 2024. Following this acquisition, AAA Group Ltd and its subsidiary AAA Ltd have been fully consolidated. See Note 11.1.

⁽⁵⁾ The Group acquired 100% of IACS Consulting Ltd with effect from 28 June 2024. See Note 11.1.

⁽⁶⁾ The Group acquired 100% of Incor AG with effect from 1 July 2024. See Note 11.1.

⁽⁷⁾ Dissolved as of 12 July 2024.

⁽⁸⁾ Established on 10 June 2024.

10.2 Transactions with non-controlling interests (minority interests)

10.2.1. Impact of transactions with minority interests on equity – Group share for the years ended 31 December 2024 and 31 December 2023

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Changes in reserves, in terms of the Group share, due to:		
- Acquisitions/repurchases of securities in:		
<i>Sword Venue S.à r.l.</i>	-	(264)
<i>Other</i>	-	50
- Acquisitions of stakes by Co-investors in:		
<i>Sword Co-Investment Fund (see Note 10.2.2)</i>	2,774	127
- Commitments to repurchase securities held by Co-investors in:		
<i>Sword Co-Investment Fund (see Note 10.2.2)</i>	(20,988)	(701)
NET IMPACT ON EQUITY – GROUP SHARE	(18,214)	(788)

10.2.2. Sword Co-Investment Fund

The Group has established a special investment fund called the Sword Co-Investment Fund (hereinafter "the Fund") to bring together all the Group's employee stock ownership plans. During the year 2024, a new plan relating to Belux attracted subscriptions totalling €7,750,000, and two new plans relating to Switzerland drew subscriptions amounting to €13,238,000.

The Fund is open only to managers in certain subsidiaries (the "Co-investors").

The goal of the Fund is to harmonise the rules that apply to plans spread across several jurisdictions and to use a centralised platform to increase the efficiency of the subscription process.

The Fund is managed by Sword Group S.E. in its capacity as general partner.

By subscribing for Fund shares, Co-investors are exposed to the financial performance of their subsidiaries.

Therefore, whenever a plan is put in place for Co-investors from a subsidiary, a share of the subsidiary's securities, which are classified as underlying securities, are transferred to the Fund in exchange for the subscribed shares, at their fair value calculated on the basis of an EBIT multiple applied to the securities of the subsidiary involved.

The Group co-finances the investment up to a level of 85%, in the form of a loan either to the Fund or to the Co-investors. This loan was subject to an interest rate of 4% for 2024 (also 4% for 2023).

Under these plans, at the end of a period generally ranging from three to five years, the shares held by the Co-investors will be repurchased by the Fund at their fair value at the time of the repurchase, calculated on the basis of the combination of, on the one hand, a multiple of the revenue and, on the other, an EBITDA multiple applied to the securities of the subsidiary involved. In some cases, put options are granted to Co-investors, allowing them to request the early repurchase of their securities.

The repurchase price of the shares will be paid to the Co-investors after deduction of the loan amounts, if applicable.

During the year 2024, a proportion of the shares held by the Co-investors were bought back for a total of €12,730,000, excluding the effect of the offsetting of amounts owed to the Group by the Co-investors (€5,430,000).

The amount invested in the plans via the Fund stood at €33,271,000 (€20,953,000 in 2023), of which €6,466,000 had been paid up as at 31 December 2024 (€9,949,000 as at 31 December 2023).

In the event of a negative performance of the underlying subsidiary, the plan states that the Co-investors cover the deficit up to the amount either of the sums the Group has lent to them, or of the sums they have subscribed but not paid up.

The repurchase commitment gives rise to the recognition of a financial debt, with a corresponding cancellation of the related non-controlling interests and, where applicable for the value of the debt exceeding the carrying amount of the non-controlling interests, an increase in the consolidated reserves. Financial debt is remeasured at its fair value as at each reporting date, with a corresponding charge to the financial result.

10.3 Commitments to repurchase non-controlling interests

Commitments to repurchase non-controlling interests were as follows as at 31 December 2024:

<i>(in thousands of €)</i>	Measurement method	Fair value of commitments (current debts)	Fair value of commitments (non-current debts)
Sword Co-Investment Fund	Revenue multiple/ EBITDA	24,971 ^(*)	16,289 ^(*)

^(*) Excluding the impact of offsetting with the loans worth €1,475,000 granted directly to Co-investors and recognised as a deduction from other liabilities (current portion).

Commitments to repurchase non-controlling interests were as follows as at 31 December 2023:

<i>(in thousands of €)</i>	Measurement method	Fair value of commitments (current debts)	Fair value of commitments (non-current debts)
Sword Co-Investment Fund	Revenue multiple/ EBITDA	7,846 ^(*)	28,270 ^(*)

^(*) Excluding the impact of offsetting with the loans, worth €3,414,000 (current portion) and €3,393,000 (non-current portion) respectively, directly granted to the Co-investors and recognised as a deduction from other liabilities.

For the method used to measure the fair value of commitments, see Note 5.2.

Error! Bookmark not defined.

NOTE 11. BUSINESS COMBINATIONS AND ACQUISITIONS**11.1 Acquisitions in 2024****11.1.1. Description****AAA Group Ltd**

On 1 June 2023, the Group disposed of a majority interest in AAA Group Ltd, an IT recruitment and placement company. Following this disposal, AAA Group Ltd restructured its offer around artificial intelligence, using tools developed by the Group. In view of the reorientation of the activities of AAA Group Ltd, the Group offered to buy for €740,000 the 51% of shares issued by that company and previously sold, with effect from 1 April 2024. The aim of the repurchase is to allow the Group to strengthen its presence in artificial intelligence.

IACS Consulting Ltd

On 28 June 2024, the Group acquired 100% of the shares in IACS Consulting Ltd for GBP 3,667,000 (equivalent to €4,127,000), excluding any additional payments or adjustments. IACS Consulting Ltd is an Aberdeen-based company that specialises in cybersecurity for industrial automation control systems.

The acquisition of IACS Consulting Ltd will further build the Group's capacity in operations technology (OT) and industrial cybersecurity, in particular in the energy sector. In addition to improving the capacity of the Group within the energy sector, the acquisition of IACS Consulting Ltd will also allow the Group to expand its competencies to other sectors, such as renewable energy, manufacturing and food production.

Incor AG

On 1 July 2024, the Group acquired 100% of the shares in Incor AG for CHF 2,107,000 (equivalent to €2,187,000), excluding deferred and additional payments. This company, based in Bern (Switzerland), works in IT project consultancy, implementation and monitoring and software development, with a particular focus on digital transformation. It concentrates mainly on the public institutions of the Swiss Confederation. The acquisition of Incor AG will mean that Sword can increase its presence in German-speaking Switzerland.

11.1.2. Consideration transferred

<i>(in thousands of €)</i>	AAA Group Ltd	IACS Consulting Ltd	Incor AG	TOTAL
Consideration settled in cash	740	4,127	2,187	7,054
<i>Less:</i>				
Balance of cash and cash equivalents acquired	(200)	383	115	298
NET CASH OUTFLOW	940	3,744	2,072	6,756

In addition to the fixed price paid at the time of signing (see above), the IACS Consulting Ltd purchase agreement provides for an additional payment corresponding to an EBITDA multiple calculated over the years ended 31 October 2024 and 31 October 2025. The fair value of this liability stood at €210,000 as at 31 December 2024. See Note 5.2.

In addition to the fixed price paid at the time of signing (see above), the Incor AG purchase agreement provides for a deferred payment capped at €1,062,000 and payable in 2026 and an additional payment corresponding to a percentage of the gross margin calculated over the years 2025, 2026 and 2027. The fair value of this liability was €1,765,000 as at 31 December 2024. See Note 5.2.

11.1.3. Assets acquired and liabilities recognised on the acquisition date

<i>(in thousands of €)</i>	AAA Group Ltd	IACS Consulting Ltd	Incor AG	TOTAL
Non-current assets				
Intangible assets	773	2,335	1,690	4,798
Property, plant and equipment	21	33	20	74
Financial assets	-	-	70	70
Deferred tax assets	288	-	59	347
Current assets				
Trade and other receivables	1,684	354	386	2,424
Work in progress	636	309	275	1,220
Current tax assets	1	-	-	1
Other assets	392	14	98	504
Cash and cash equivalents	-	383	115	498
Prepaid expenses	109	80	88	277
Non-current liabilities				
Deferred tax liabilities	(131)	(584)	(347)	(1,062)
Current liabilities				
Financial debt	(200)	-	-	(200)
Trade and other payables	(1,449)	(288)	(1,107)	(2,844)
Current tax liability	(55)	(199)	-	(254)
Other liabilities	(3,730)	(161)	(58)	(3,949)
IDENTIFIABLE NET ASSETS ACQUIRED	(1,661)	2,276	1,289	1,904

11.1.4. Goodwill arising from the acquisition

<i>(in thousands of €)</i>	AAA Group Ltd	IACS Consulting Ltd	Incor AG	TOTAL
Consideration transferred	740	4,127	2,187	7,054
<i>Plus: Fair value of shares previously held</i>	711	-	-	711
<i>Less: Fair value of identifiable net assets acquired</i>	(1,661)	2,276	1,289	1,904
<i>Plus: Deferred payment</i>	-	-	1,080	1,080
<i>Plus: Contingent consideration</i>	-	206	1,682	1,888
GOODWILL ARISING FROM THE ACQUISITION	3,112	2,057	3,660	8,829

The goodwill arising on the acquisitions of AAA Group Ltd, IACS Consulting Ltd and Incor AG is related mainly to the growth and profitability forecasts resulting from the acquisition of new skills and the improvement of operational processes. The goodwill should not be deductible for tax purposes.

11.1.5. Impact of acquisitions on the Group's profit or loss

If the above business combinations had been in place as at 1 January 2024, the revenue and profit or loss for the period of the acquired entities would have been as follows:

<i>(in thousands of €)</i>	AAA Group Ltd	IACS Consulting Ltd	Incor AG	TOTAL
Revenue	12,560	3,335	6,753	22,648
Profit or loss	(114)	(23)	(70)	(207)

For the period from their acquisition date until 31 December 2024, the companies acquired through business combinations contributed to the Group's revenue and profit or loss in the following proportions:

<i>(in thousands of €)</i>	AAA Group Ltd	IACS Consulting Ltd	Incor AG	TOTAL
Revenue	7,694	1,565	3,737	12,996
Profit or loss	(99)	5	266	172

11.2 Acquisitions in 2023

There were no business combinations or acquisitions in 2023.

NOTE 12. DISPOSALS

12.1 Disposals in 2024

There were no disposals in 2024.

12.2 Disposals in 2023

AAA Group Ltd

With effect from 1 June 2023, the Group sold 51% of its stake in AAA Group Ltd, a specialist recruitment and placement company based in Aberdeen, Scotland, for a consideration of €500,000. This disposal included the subsidiary AAA Ltd. Following this transaction, the Group retained 49% of its shares and classified them as shares accounted for under the equity method.

Sword Sports & Events S.A.

With effect from 1 January 2023, the Group sold 100% of its stake in Sword Sports & Events S.A. to a related party of the Group for CHF 26,000 (equivalent to €27,000). As the stake sold was immaterial at Group level, the information to be disclosed under IFRS 3 has not been presented.

12.2.1. Consideration received

<i>(in thousands of €)</i>	TOTAL
Consideration received in cash and cash equivalents	100
Deferred consideration receivable	400
TOTAL CONSIDERATION	500

12.2.2. Net cash inflow on disposal

<i>(in thousands of €)</i>	TOTAL
Consideration received in cash and cash equivalents	100
Less: Balance of cash and cash equivalents disposed of ⁽¹⁾	762
NET CASH INFLOW	862

⁽¹⁾ Negative cash flow due to the existence of a bank overdraft of €762,000 on the date of disposal.

12.2.3. Analysis of assets and liabilities over which control was lost

<i>(in thousands of €)</i>	TOTAL
Non-current assets	
Goodwill	3,750
Property, plant and equipment	23
Right-of-use assets	16
Financial assets	2,027
Deferred tax assets	324
Current assets	
Trade and other receivables	1,626
Work in progress	521
Current tax assets	19
Prepaid expenses	78
Current liabilities	
Financial debts (bank overdrafts)	(762)
Trade and other payables	(1,303)
Current tax liabilities	(101)
Other liabilities	(4,254)
IDENTIFIABLE NET ASSETS DISPOSED OF	1,964

12.2.4. Profit generated on disposal

<i>(in thousands of €)</i>	TOTAL
Total consideration	500
Less: Net assets disposed of	1,964
Plus: Fair value of shares retained	490
LOSS ON DISPOSAL	(964)

The loss generated on disposal, including the proportion attributable to the fair-value measurement of the interest retained, is included in the income statement under "Income from disposals of assets".

NOTE 13. ASSOCIATES**13.1 Changes during the year**

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Balance as at opening	365	-
Acquisition and obtaining of a significant influence ⁽¹⁾	-	490
Disposal and loss of significant influence ⁽²⁾	(365)	-
Share of profit or loss for the year	-	(125)
BALANCE AS AT YEAR END	-	365

⁽¹⁾ With effect from 1 June 2023, the Group sold 51% of the share capital of its subsidiary AAA Group Ltd, reducing the Group's stake in that company from 100% to 49%. Following this transaction, the Group's management decided that the conditions for exercising exclusive control under IFRS 10 were no longer met, and reclassified its investment as an "investment in associates" for a total amount of €490,000.

⁽²⁾ With effect from 1 April 2024, the Group repurchased 51% of the share capital of AAA Group Ltd, increasing its stake in that company from 49% to 100%. Following this transaction, AAA Group Ltd and its subsidiary have been fully consolidated. See Note 11.1.

NOTE 14. GOODWILL**14.1 Changes in goodwill**

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
GROSS AMOUNT		
Balance as at opening	94,355	96,227
Additional amounts recognised following business combinations arising during the year (see Note 11.1)	8,828	-
Disposals (see Note 12.2)	-	(3,750)
Translation differences	1,352	1,878
Balance as at year end	104,535	94,355
ACCUMULATED IMPAIRMENT LOSSES		
Balance as at opening	25,000	25,000
Balance as at year end	25,000	25,000
GOODWILL, NET CARRYING AMOUNT	79,535	69,355

14.2 Allocation of goodwill by cash-generating units (CGUs)

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Services/Belux	15,391	15,391
Services/Switzerland	23,220	19,793
Services/United Kingdom	40,924	34,171
TOTAL	79,535	69,355

14.3 Goodwill impairment testing

As recommended in IAS 36, the goodwill arising from a business combination is allocated to a cash-generating unit ("CGU") likely to benefit from business combination synergies.

The CGUs selected by the Group for the purposes of impairment testing are included in the operating segments that combine businesses and geographical segments, i.e. Services/Belux, Services/Switzerland and Services/United Kingdom.

The Group re-examined the value of the goodwill associated with its CGUs by comparing the recoverable amount of the CGUs with their net carrying amount, including goodwill. In accordance with IAS 36, only the value in use in respect of the recoverable amount was included.

Key assumptions

The forecast cash flows used by the Group to estimate value in use came from the 2025 budget and from an extrapolation for 2026 and subsequent years. Based on the 2025 budget, the Group's revenue rose by approximately 13.6% on a like-for-like basis.

The key assumptions adopted in the valuation model used by the Group are (i) medium-term growth in revenue, (ii) an operating margin corresponding to the EBIT/revenue ratio, (iii) the infinite growth rate used to calculate the final value, and (iv) the discount rate.

	Services/Belux		Services/Switzerland		Services/ United Kingdom	
	2024	2023	2024	2023	2024	2023
Medium-term revenue growth	5%	10% and 7.50%	10%	10%	10%	10%
Operating margin	6.5%	6%	7%	10%	12%	11%
Infinite growth rate	2%	2%	2%	2%	2%	2%
Discount rate after tax ^(*) ^(**)	6.85%	7.03%	6.14%	6.87%	8.93%	7.95%

^(*) The pre-tax discount rates for 2024 were 10.82% for the Services/Belux CGU (compared with 11.04% for 2023), 7.76% for the Services/Switzerland CGU (compared with 8.13% for 2023) and 11.63% for the Services/United Kingdom CGU (compared with 10.35% for 2023).

^(**) For the year ended 31 December 2023, the risk-free rate embedded in the discount rate has been adjusted upwards to reflect expected economic growth and the central bank's inflation target.

The Group has opted for a single scenario based on the 2025 budget and the medium-term projections extrapolated from the budget, considering that this scenario is much more conservative than the last update of the growth and profitability forecasts adopted by the Group for the period 2025–2029, forecasting organic growth of over 10% per year and an operating margin in line with the 2023 figure.

The medium-term forecasts and the profit outlook were prepared taking into account in particular the order book, the market shares and the references acquired in certain strategic sectors such as energy (including renewables), the public sector and the financial sector in the UK; the Group's presence in the public sector, the financial sector, sporting events, luxury brands and supranational organisations in Switzerland (including the German-speaking part of the country); sustained demand for IT engineering projects, in spite of an unfavourable economic climate, particularly among supranational organisations in Belux; the establishment of key partnerships, particularly in the field of IT infrastructure and network management, and a broader range of services in this segment in Switzerland; the impact of acquisitions made in previous years; the use of competence centres in Greece, Spain and India; the international expansion of locally developed solutions; the integration of artificial intelligence (AI) into operational processes; and the continued development of cybersecurity services.

According to management, the growth prospects for IT services are mainly due to a vertical integration (one-stop shop) strategy geared to digital transformation and data optimisation serving large organisations operating in the aforementioned sectors.

Brexit has so far had only a limited impact on the Group's business given the growth prospects of the UK market due to the need to digitalise the economy, its leading position in certain segments (such as the energy sector), its rapid expansion into new segments (banking, local government), client loyalty and the stability of the teams.

Fluctuations in the pound sterling and the Swiss franc against the euro have a minimal impact on the impairment tests because the proportion of services provided by third parties is mainly billed in local currency and the carrying amounts of the Services/Switzerland and Services/United Kingdom CGUs and their recoverable amounts are initially measured in local currencies and then translated into euros.

The discount rates used for annual impairment tests were the weighted average cost of capital (WACC) rates specific to each CGU.

The Group's management is of the opinion that no reasonably possible change in key assumptions on which the recoverable amount of each CGU is based would cause the carrying amount allocated to them to exceed their recoverable amount.

NOTE 15. OTHER INTANGIBLE ASSETS

<i>(in thousands of €)</i>	Software	Client contracts	Non-compete clause	Other intangible assets	TOTAL
GROSS AMOUNT					
As at 31 December 2022	3,531	9,591	1,113	10,503	24,738
Inflows of assets generated internally	1,256	-	-	-	1,256
Acquisitions	-	-	-	362	362
Disposals	(850)	-	-	-	(850)
Deconsolidations	-	-	-	(1,591)	(1,591)
Translation difference	151	347	-	(15)	483
As at 31 December 2023	4,088	9,938	1,113	9,259	24,398
Inflows of assets generated internally	1,203	-	-	-	1,203
Acquisitions	-	-	-	1,473	1,473
Acquisitions via business combinations	386	4,412	-	-	4,798
Translation difference	30	309	-	(77)	262
Other movements	(175)	-	-	(15)	(190)
As at 31 December 2024	5,532	14,659	1,113	10,640	31,944
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
As at 31 December 2022	(2,114)	(5,245)	-	(9,474)	(16,833)
Depreciation charges	(398)	(1,808)	-	(470)	(2,676)
Scope changes	-	-	-	1,591	1,591
Reversals of impairment losses	850	-	-	-	850
Translation difference	(88)	(221)	-	15	(294)
As at 31 December 2023	(1,750)	(7,274)	-	(8,338)	(17,362)
Depreciation charges	(588)	(1,946)	-	(404)	(2,938)
Recognised impairment losses	(94)	-	-	-	(94)
Translation difference	(3)	(182)	-	77	(108)
Other movements	175	-	-	15	190
As at 31 December 2024	(2,260)	(9,402)	-	(8,650)	(20,312)
NET AMOUNT					
As at 31 December 2023	2,338	2,664	1,113	921	7,036
As at 31 December 2024	3,272	5,257	1,113	1,990	11,632

Software includes development costs related to the improvement of existing software solutions and software acquired through business combinations.

"Client contracts and client relations" comprise SaaS contracts and software maintenance contracts, as well as non-contractual relationships acquired through business combinations.

Until September 2014, the Group had undertaken, during the sale of a business unit, to refrain from providing digital communication services to the European institutions.

Subsequently, given the growth prospects in the public sector and following a change in strategy, the Group secured the cancellation of the relevant non-compete clause. This cancellation was valued at €1,113,000.

The other intangible assets comprise mainly services to be provided under contracts in the Services/Belux, Services/Switzerland and Services/United Kingdom segments, also known as the "order book" or the "production backlog".

Impairment testing for the non-compete clause

As at the reporting date, the Group compared the net carrying amount of the Services/Belux CGU, to which the amount for buying out the non-compete clause worth €1,113,000 was allocated, including the carrying amount of that clause, and its recoverable amount, which was determined on the basis of its value in use.

Since the recoverable amount of the Services/Belux CGU exceeded its net carrying amount, no impairment loss was recognised. See Note 14.3 for the key assumptions used to calculate value in use.

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of €)</i>	Land and buildings	Facilities, developments and fixtures	Transport equipment	Office and IT equipment	Office furniture	TOTAL
GROSS AMOUNT						
As at 31 December 2022	1,517	4,338	272	5,526	2,726	14,379
Acquisitions	-	135	202	844	88	1,269
Disposals	-	-	(248)	(20)	(13)	(281)
Deconsolidations	(253)	-	-	(153)	(84)	(490)
Translation difference	32	58	11	92	44	237
Other movements	(7)	(9)	-	17	(2)	(1)
As at 31 December 2023	1,289	4,522	237	6,306	2,759	15,113
Acquisitions	-	123	-	1,243	104	1,470
Acquisitions via business combinations	255	-	10	251	108	624
Disposals	-	-	-	(357)	(3)	(360)
Translation difference	70	59	-	150	83	362
Other movements	-	-	-	(149)	-	(149)
As at 31 December 2024	1,614	4,704	247	7,444	3,051	17,060
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
As at 31 December 2022	(717)	(2,744)	(198)	(4,033)	(2,038)	(9,730)
Depreciation charges	(18)	(335)	(98)	(778)	(172)	(1,401)
Scope changes	253	-	-	133	80	466
Reversals of disposals	-	-	248	20	9	277
Translation difference	(16)	(40)	(4)	(62)	(30)	(152)
Other movements	7	8	-	(14)	(1)	-
As at 31 December 2023	(491)	(3,111)	(52)	(4,734)	(2,152)	(10,540)
Depreciation charges	(18)	(352)	(44)	(850)	(160)	(1,424)
Scope changes	(255)	-	-	(204)	(91)	(550)
Reversals of disposals	-	-	-	353	2	355
Translation difference	(32)	(64)	(4)	(127)	(70)	(297)
Other movements	-	-	-	149	-	149
As at 31 December 2024	(796)	(3,527)	(100)	(5,413)	(2,471)	(12,307)
NET AMOUNT						
As at 31 December 2023	798	1,411	185	1,572	607	4,573
As at 31 December 2024	818	1,177	147	2,031	580	4,753

As at 31 December 2024, no guarantees had been issued regarding property, plant and equipment (the same had been the case in 2023).

NOTE 17. LEASES**17.1 Right-of-use assets by category**

<i>(in thousands of €)</i>	Land and buildings	Transport equipment	TOTAL
GROSS AMOUNT			
As at 31 December 2022	21,479	2,367	23,846
New contracts	1,198	2,109	3,307
Disposals/exits from contracts	(549)	(424)	(973)
Deconsolidations	(2,715)	-	(2,715)
Translation difference	409	4	413
As at 31 December 2023	19,822	4,056	23,878
New contracts	1,913	948	2,861
Disposals/exits from contracts	(2,151)	(301)	(2,452)
Translation difference	211	(1)	210
As at 31 December 2024	19,795	4,702	24,497
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
As at 31 December 2022	(10,594)	(912)	(11,506)
Depreciation charges	(2,672)	(865)	(3,537)
Disposals/exits from contracts	467	424	891
Scope changes	2,346	-	2,346
Translation difference	(205)	(1)	(206)
As at 31 December 2023	(10,658)	(1,354)	(12,012)
Depreciation charges	(2,564)	(1,196)	(3,760)
Disposals/exits from contracts	1,482	301	1,783
Translation difference	(140)	-	(140)
Other movements	235	-	235
As at 31 December 2024	(11,645)	(2,249)	(13,894)
NET AMOUNT			
As at 31 December 2023	9,164	2,702	11,866
As at 31 December 2024	8,150	2,453	10,603

17.2 Maturities of lease obligations

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Less than one year	3,541	3,604
Between one and two years	2,921	3,089
Between two and three years	2,012	2,383
Between three and five years	1,732	2,103
More than five years	464	1,093
TOTAL	10,670	12,272

17.3 Items recognised in profit or loss

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Charges for depreciation for right-of-use assets	(3,760)	(3,537)
Interest expenses on lease obligations	(264)	(242)
Lease expenses for short-term leases	(76)	(81)
Lease expenses for leases for low-value underlying assets	(67)	(67)
TAX	(4,167)	(3,927)

The Group's leases do not include variable payments, apart from adjustments for inflation.

Total cash outflows relating to leases were €4,133,000 in 2024 (compared with €3,853,000 in 2023).

NOTE 18. TRADE AND OTHER RECEIVABLES

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Trade receivables	36,134	37,132
Allowances for doubtful accounts	(1,295)	(1,432)
Trade receivables, net	34,839	35,700

Due to their short-term maturity, the carrying amount of trade and other receivables is close to the fair value.

Aged balance

<i>(in thousands of €)</i>	<3 months	3–6 months	6–12 months	>1 year	Total
As at 31 December 2024	12,024	1,093	485	44	13,646
As at 31 December 2023	13,099	774	1,006	88	14,967

The trade receivables presented above comprise amounts due as at the reporting date and for which the Group has not created an allowance for doubtful accounts, since it has no information on the solvency status of the relevant receivables and since these amounts are still considered recoverable.

Change in allowance for doubtful accounts

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Balance as at opening	(1,432)	(1,539)
Impairment losses recognised during the year	(184)	(89)
Impairment losses subject to a reversal	316	274
Translation difference	5	(62)
Other movements	-	(16)
BALANCE AS AT YEAR END	(1,295)	(1,432)

Aged balance of impaired receivables

<i>(in thousands of €)</i>	<3 months	3–6 months	6–12 months	>1 year	Total
As at 31 December 2024	298	255	173	569	1,295
As at 31 December 2023	140	415	207	669	1,431

NOTE 19. OTHER ASSETS

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Deposits and guarantees	746	728
Total other non-current assets, gross amount	746	728
Impairment provisions for other non-current assets	-	-
TOTAL OTHER NON-CURRENT ASSETS, NET AMOUNT	746	728
Tax and social security receivables	4,202	4,375
Deferred consideration receivable on the disposal of AAA Group Ltd (see Note 12.2)	-	400
Other current receivables	2,545	936
Total other current assets, gross amount	6,747	5,711
Impairment provisions for other current assets	-	-
TOTAL OTHER CURRENT ASSETS, NET AMOUNT	6,747	5,711

The net carrying amount of the financial assets included in "other current assets" is a reasonable approximation of their fair value due to their short-term maturity. Other non-current assets were not remeasured due to the small amounts involved. Financial assets included in "other assets" are classified as Level 2 of the fair-value hierarchy.

NOTE 20. CASH AND CASH EQUIVALENTS

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Cash and cash equivalents	70,620	62,587
TOTAL	70,620	62,587

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Cash and cash equivalents	70,620	62,587
Bank overdrafts (*)	(675)	(172)
TOTAL	69,945	62,415

(*) Included in other current financial debt.

NOTE 21. PENSION PLANS

As at the year end, the provisions for employee benefits consisted solely of provisions for post-employment benefits totalling €282,000 (compared with €249,000 in 2023). Post-employment benefits fall under defined-contribution pension plans and defined-benefit pension plans.

21.1 Defined-benefit pension plans

This type of plan aims to award certain Group employees, under certain conditions, pension benefits when they decide to retire. There were 254 such employees as at 31 December 2024 (compared with 251 as at 31 December 2023).

The pension obligations were not subject to external coverage.

Pension obligations and similar benefits are valued internally under the supervision of the Group's Finance Department.

Items relating to post-employment benefits in comprehensive income can be analysed as follows:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Current service cost	(24)	(19)
Financial cost	(6)	(4)
Items recognised in profit or loss for the year	(30)	(23)
TOTAL	(30)	(23)

The current service cost is recognised in personnel expenses in the income statement. The financial costs are recognised in the financial result.

21.2 Actuarial assumptions

The commitments were measured internally on the basis of assumptions updated regularly and reviewed annually. The following assumptions were adopted:

	31 December 2024	31 December 2023
Discount rate (*)	3.1%	3.7%
Adjustment rate for annual salaries	2.0%	2.0%
Social security contribution rate	41%	41%
Retirement age	60–67 years old	60–67 years old
Staff rotation	(**)	(**)
Mortality table	INSEE 2019/ EVK 2000	INSEE 2019/ EVK 2000

(*) The discount rate is based on the iBoxx AA corporate bond index 10+.

(**) Variable depending on geographical area.

The average duration of the obligation in respect of services as at 31 December 2024 is less than one year (the same as in 2023).

21.3 Change in the present value of obligations

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Balance as at opening	249	228
Current service cost	24	19
Financial cost	6	4
Other	3	(2)
BALANCE AS AT YEAR END	282	249

Since the amounts are immaterial at Group level, other disclosures under IAS 19 were omitted, specifically a sensitivity analysis showing the impact of changes made to certain actuarial assumptions on the value of pension-benefit commitments.

NOTE 22. OTHER PROVISIONS

<i>Name</i>	31 December 2024	31 December 2023
Balance as at opening	411	355
Allocations to provisions	-	144
Reversals of used provisions	(184)	(93)
Translation differences	22	4
Other movements	236	-
BALANCE AS AT YEAR END	485	411
Current	485	184
Non-current	-	227

Allocations to/reversals of provisions for litigation risks are included in "Other non-recurring items" in the consolidated income statement.

NOTE 23. OTHER FINANCIAL DEBTS**23.1 Breakdown of other financial debts by type**

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Bank loans and lines of credit	56,000	35,000
Non-current financial debts	56,000	35,000
Bank overdrafts	675	172
Current financial debt	675	172
TOTAL FINANCIAL DEBTS	56,675	35,172

23.2 Maturity schedule

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Less than one year	675	172
Between one and five years	56,000	35,000
More than five years	-	-
TOTAL	56,675	35,172

23.3 Available lines of credit

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Authorised amount	120,000	90,000
Between one and five years	120,000	90,000
Amount drawn down	56,000	35,000
Between one and five years	56,000	35,000
Available amount	64,000	55,000
Between one and five years	64,000	55,000

If borrowings are needed, the Group's banking arrangements require compliance with financial ratios:

- a net consolidated financial debt/consolidated EBITDA ratio of less than 3 or 3.5, depending on the agreement; this ratio was -0.36 in 2024 (compared with -0.79 in 2023);
- a net consolidated financial debt/consolidated equity ratio of less than 1; this ratio was -0.14 in 2024 (compared with -0.26 in 2023);
- a medium- and long-term financial debt/EBITDA ratio of less than 3; this ratio was 2.18 in 2024 (compared with 2.04 in 2023).

In accordance with the agreements, financial ratios exclude lease obligations as well as financial debts related to commitments to repurchase securities. These covenants are calculated once a year on 31 December. The Group has no indication that it will encounter difficulties in complying with these financial ratios.

23.4 Change in financial debts

The change in financial debts (including lease obligations) during the years 2024 and 2023 is included in cash flows from financing activities (see the consolidated statement of cash flows).

NOTE 24. TRADE AND OTHER PAYABLES

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Trade payables	17,248	9,495
Accrued invoices	20,675	10,321
Other	7,050	5,197
TOTAL	44,973	25,013

NOTE 25. OTHER LIABILITIES

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Commitment to repurchase securities held by minority shareholders/Co-investors (see Note 10) (*)	16,289	24,877
Deferred consideration on the acquisition of Incor AG (see Note 11.1)	1,062	-
Contingent considerations on the acquisition of:		
- Incor AG (see Note 11.1)	1,765	-
- Sword Software Development S.L.	183	556
TOTAL OTHER NON-CURRENT LIABILITIES	19,299	25,433
Value-added tax and other taxes	7,856	8,214
Social security and other social bodies	7,254	6,579
Commitment to repurchase securities held by minority shareholders/Co-investors (see Note 10) (*)	23,496	4,432
Contingent considerations on the acquisition of:		
- Sword Software Development S.L.	415	-
- IACS Consulting Ltd (see Note 11.1)	210	-
- Ping Network Solutions Ltd	-	1,246
- AiM Holding S.A.	106	108
Other	1,432	20
TOTAL OTHER CURRENT LIABILITIES	40,769	20,599

(*) Under the netting agreements, the amounts to be reimbursed to Sword Group SE by minority shareholders/Co-investors come to €1,475,000 (€6,807,000 in 2023) and have been presented as a deduction from financial debts related to commitments to repurchase securities valued at €41,260,000 (€36,116,000 in 2023). See Note 10.2.2.

NOTE 26. TAXES**26.1 Breakdown of tax expense**

	31 December 2024	31 December 2023
<i>(in thousands of €)</i>		
Tax on profit recognised in profit or loss		
Current tax	5,477	3,773
Deferred tax	(379)	(187)
TOTAL	5,098	3,586

26.2 Reconciliation between theoretical and actual tax

	31 December 2024	31 December 2023
<i>(in thousands of €)</i>		
Profit before tax	27,220	26,695
Tax rate in force in Luxembourg	28%	28%
Effective tax burden	7,622	7,475
Impact:		
- Expenses not deductible in determining taxable profit	1,740	1,309
- Revenue exempt from taxation	(3,911)	(1,005)
- Differences in tax rate on profit of foreign subsidiaries	(1,986)	(836)
- Use of previously non-capitalised tax losses	(19)	(3,683)
- Non-capitalised tax on losses	1,428	191
- Other	224	135
Effective tax burden	5,098	3,586
EFFECTIVE TAX RATE	18.73%	13.43%

26.3 Breakdown of deferred tax assets and liabilities by type

	Balance as at 31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	Scope changes	Balance as at 31 December 2024
<i>(in thousands of €)</i>					
Deferred tax assets/(liabilities)					
Intangible assets	(1,348)	420	(32)	(1,060)	(2,020)
Deferred income	(82)	7	1	-	(74)
Provisions	59	8	-	-	67
	(1,371)	435	(31)	(1,060)	(2,027)
Tax losses	-	(57)	8	348	299
DEFERRED TAX ASSETS/(LIABILITIES)	(1,371)	378	(23)	(712)	(1,728)

26.4 Balance of deferred tax assets and liabilities

	31 December 2024	31 December 2023
<i>(in thousands of €)</i>		
Deferred tax assets	370	60
Deferred tax liabilities	(2,098)	(1,431)
NET DEFERRED TAXES	(1,728)	(1,371)

26.5 Unrecognised tax deficits

As at the reporting date, the Group had, in various tax jurisdictions, tax losses of around €15,306,000 (€12,851,000 in 2023) that are available to offset the future taxable profits of companies in which the tax losses arose, and for which no deferred tax asset was recognised due to the uncertainty of it being recovered.

These unrecognised tax losses expire as follows:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
No expiry	66	3,314
Less than one year	69	-
Between one and two years	109	179
Between two and three years	40	656
Between three and five years	114	202
More than five years	14,908	8,500
TOTAL	15,306	12,851

NOTE 27. PERSONNEL EXPENSES

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Gross remuneration	(127,383)	(117,331)
Social security contributions	(20,375)	(17,026)
Other benefits	(2,104)	(2,220)
TOTAL	(149,862)	(136,577)

The Group's average headcount is:

	31 December 2024	31 December 2023
Billable headcount	2,035	1,956
Non-billable headcount	238	259
TOTAL	2,273	2,215

Employee pension benefits for which provisions have been made as at the reporting date are presented in Note 21.

As at 31 December 2024 and 31 December 2023, the Group had no stock-option plans in place.

NOTE 28. OTHER EXTERNAL CHARGES

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Subcontracting costs	(93,002)	(73,907)
Fees and commissions	(5,511)	(6,700)
Other external charges	(7,950)	(7,056)
TOTAL	(106,463)	(87,663)

NOTE 29. ALLOCATIONS TO PROVISIONS AND REVERSALS OF PROVISIONS

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Allocations to provisions for retirement benefits	(31)	(23)
Allocations to other provisions	-	(144)
Reversals of other provisions	184	-
Allowances for doubtful accounts	(184)	(89)
Reversals of allowances for doubtful accounts	316	274
TOTAL	285	18

NOTE 30. INCOME FROM DISPOSALS OF ASSETS AND SUBSIDIARIES

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Disposal costs	-	(146)
Income from the disposal of non-consolidated investments ^(*)	346	-
Income from the disposal of consolidated investments ^(**)	(149)	(1,038)
Income from the disposal of property, plant and equipment	(3)	24
TOTAL	194	(1,160)

^(*) The income from the disposal of non-consolidated investments as at 31 December 2024 was made up of the capital gain on the repurchase of 51% of the share capital of AAA Group Ltd as at 1 April 2024. See Notes 1.2 and 11.1.

^(**) The income from the disposal of consolidated investments as at 31 December 2023 was essentially made up of the capital loss on the disposal of AAA Group Ltd, amounting to €964,000.

NOTE 31. IMPAIRMENT LOSS ON ASSETS

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Impairment loss on intangible assets ^(*)	(94)	-
TOTAL	(94)	-

^(*) Related to product obsolescence.

NOTE 32. OTHER NON-RECURRING ITEMS

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Litigation costs ⁽¹⁾	(198)	(156)
Restructuring costs	(971)	(1,879)
Acquisition costs	(2,617)	(802)
Other expenses	(1,894)	(1,687)
Other income	33	249
TOTAL	(5,647)	(4,275)

⁽¹⁾ The litigation is mainly commercial and employment-related.

NOTE 33. FINANCIAL RESULT

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Interest expenses on loans and financial debt	(2,362)	(1,473)
Interest expenses on lease obligations	(264)	(242)
NET FINANCIAL DEBT COST	(2,626)	(1,715)
Foreign-exchange gain	4,284	2,846
Foreign-exchange loss	(3,625)	(3,531)
Changes in fair value of derivatives	-	(62)
Changes in fair value of contingent considerations	434	3,001
Changes in fair value for commitments to repurchase securities held by minority shareholders/Co-investors	3,071	3,642
Other financial income	903	1,143
Other financial expenses	(371)	(305)
FINANCIAL RESULT	2,070	5,019

NOTE 34. EARNINGS PER SHARE

<i>(in thousands of € and units of account)</i>	31 December 2024	31 December 2023
Profit for the year attributable to the Company's owners	21,809	22,822
Weighted average number of ordinary shares in circulation	9,431,790	9,510,356
Impact of dilutive instruments	-	-
Diluted weighted average number of shares	9,431,790	9,510,356
Earnings per share		
Base net earnings per share	2.31	2.40
Diluted net earnings per share	2.31	2.40

NOTE 35. SHARE CAPITAL

As at 31 December 2024, the share capital stood at €9,545,000 (€9,545,000 in 2023), represented by 9,544,965 shares (9,544,965 shares in 2023) with a par value of €1 each, fully paid up.

NOTE 36. OWN SHARES

During 2024, 143,815 own shares (207,178 own shares in 2023) were acquired, costing in total €5,205,000 (€7,856,000 in 2023), and 177,515 own shares (74,459 own shares in 2023) were sold, bringing in a total of €6,484,000 (€3,014,000 in 2023).

As at 31 December 2024, there were 109,214 own shares (compared with 142,914 own shares as at 31 December 2023).

There remain 100,459 own shares that were acquired as part of a capital reduction to be carried out over a 24-month period, i.e. by the end of October 2025 at the latest.

A total of 66,397 own shares acquired in 2023 as part of the capital reduction were resold in 2024, yielding a capital gain of €76,000. No own shares were cancelled during the year 2024.

NOTE 37. DIVIDENDS**2024**

At its meeting on 29 February 2024, the Board of Directors resolved to pay shareholders a dividend of €1.70 per share, resulting in a payout of €15,986,000.

2023

At its meeting on 2 March 2023, the Board of Directors resolved to pay shareholders a dividend of €1.70 per share, resulting in a payout of €16,212,000.

NOTE 38. RELATED-PARTY TRANSACTIONS**38.1 Remuneration for members of the Board of Directors and management**

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Short-term benefits:		
- Gross (excluding benefits in kind)	413	513
- Employer contributions	63	85
- Benefits in kind	41	42
Directors' fees	203	203
Other fees	645	496
TOTAL	1,365	1,339

Such remuneration pertained to 13 members of the Board of Directors and management (compared with 12 in 2023).

38.2 Other

Financière Sémaphore, which holds a 17.9% interest in the Group, provided the following services:

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Management fees	175	230
Fees related to disposals	475	120
Recharging of miscellaneous expenses	-	15
TOTAL	650	365

During the year ended 31 December 2024, a company controlled by a Company director supplied Group companies with accounting and administrative services totalling €356,000 (€340,000 in 2023).

The Group granted loans of €1,420,000 (€3,642,000 in 2023) to members of the Group's management to finance the acquisition of minority interests held by these members in certain subsidiaries. These loans bear interest at a rate of 4% per annum and mature in 2025.

Ruitor S.à r.l., a company controlled by Financière Sémaphore, provided the Group with offices in Luxembourg at a cost of €165,000 (compared with €162,000 in 2023).

Ardéva S.A., a company controlled by Ruitor S.à r.l., provided the Group with offices in Switzerland at a cost of €161,000 (compared with €158,000 in 2023).

NOTE 39. OFF-BALANCE-SHEET COMMITMENTS

<i>(in thousands of €)</i>	31 December 2024	31 December 2023
Sureties for third parties	49	49
Between one and five years	49	49
Other guarantees issued ⁽¹⁾	511	511
Less than one year	11	11
Between one and five years	500	500

⁽¹⁾ Including performance guarantees.

NOTE 40. CONTINGENT LIABILITIES

As at 31 December 2024 and 31 December 2023, there was no significant risk of contingent liabilities.

NOTE 41. AUDITORS' FEES

The table below details the amount of auditors' fees for 2024 and 2023.

<i>(in thousands of €)</i>	Forvis Mazars		Other	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Auditors & certification (separate & consolidated)	373	363	342	272
Legal, tax and management consulting	-	-	55	52
Other	18	13	4	9
TOTAL	391	376	401	333

NOTE 42. SUBSEQUENT EVENTS

On 20 January 2025, the Group obtained an additional line of credit worth €10 million, increasing its bank-based financing capacity from €120 million to €130 million.

No other significant events have occurred since the reporting date for the consolidated financial statements.

To the Shareholders of
SWORD GROUP SE
Société européenne

R.C.S. Luxembourg B168244

2-4, rue d'Arlon
L-8399 - WINDHOF

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **SWORD GROUP SE** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Consolidated Financial Statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 36, Own Shares, of the consolidated financial statements, which states that 66,397 own shares acquired in 2023 as part of the capital reduction were sold and that no own shares were cancelled during the year 2024.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasons for which a key audit matter has been raised	Response to the identified key audit matter
Goodwill impairment	
As at 31 December 2024, goodwill stands at a net value of KEUR 79 535. Under the IFRS standards as adopted by the EU, the Company must perform a goodwill impairment test at least once a year. Impairment tests are significant for our audit in light of the complexity of the valuation process and the judgement and the assumptions adopted which are subject to economic developments and future business conditions.	<p>We checked the cash-flow forecasts included in the annual goodwill impairment tests by considering the exact nature of previous forecasts.</p> <p>For our audit, we also critically examined and tested the key assumptions, methodologies, weighted average cost of capital and other data used and issued by management, for example comparing them with external and historical data, such as external market growth forecasts. We performed a sensitivity analysis within the framework of the valuation model used by the Group.</p> <p>Our department specialised in assessing valuations was integrated into the audit team to assist us with these activities.</p> <p>We focused on the sensitivity of the available margin in cash-generating units, evaluating whether any reasonable change in the assumptions could cause the net carrying amount to exceed the estimated value. We assessed the accuracy of previous estimates made by the Board of Directors.</p> <p>We also verified the appropriacy of the information in Note 14.3 to the consolidated financial statements.</p>
Key observations communicated to those charged with governance	We have no comment based on the audit procedures carried out on this key audit matter.

Reasons for which a key audit matter has been raised	Response to the identified key audit matter
Revenue recognition	
<p>As detailed in Note 7 to the financial statements, the Group sells its services to various customers and operates in a range of geographical and business sectors.</p>	<p>Our activities include assessing the revenue recognition method for complex contracts.</p>
<p>International Standards on Auditing require auditors to assume a fraud risk in revenue recognition when initially assessing the risk of material misstatements.</p>	<p>Drawing on the work already carried out by the subsidiaries' auditors, we tested the design and effectiveness of the controls implemented by management relating to analysing revenue recognition and identifying unusual contractual clauses</p>
<p>Some of the Group's revenue is generated by large-scale, complex contracts. As a result, it is necessary to assess the conditions under which risks and benefits are transferred to the buyer, in order to evaluate whether the income and expenses should be recognised in the current period.</p>	<p>Our activities included random testing of documentation indicating the delivery of licences or services, including contracts and correspondence with third parties, with a view to ensuring the accuracy and completeness of revenue recognition.</p>
	<p>We assessed the appropriacy of previous estimates made by management regarding the work in progress.</p>
<p>Key observations communicated to those charged with governance</p>	<p>We have no comment based on the audit procedures carried out on this key audit matter.</p>

Reasons for which a key audit matter has been raised	Response to the identified key audit matter
Commitments to repurchase securities held by Co-investors	
<p>As detailed in note 25 of the appendices to the consolidated financial statements, the commitments to repurchase securities held by co-investors amounted to a net value of KEUR 39 785 as at 31 December 2024.</p>	<p>Our procedures include, among others, the valuation of the method of the various commitments in place to repurchase securities held by co-investors.</p>
<p>We considered that the valuation of the financial liability is significant for our audit, given the very significant impact of this financial liability on the group's total liabilities and on the degree of judgment involved in the valuation of this base, including the estimates on the basis of the achievement of future objectives</p>	<p>We have carried out procedures including the reconciliation of historical data, the evolution of data in the medium term, the reasonableness of the assumptions made by the Board of Directors. We have carried out procedures relating to the existence of liabilities via direct confirmation with certain participations or reconciliation to contracts with certain participants.</p>
<p>Key observations communicated to those charged with governance</p>	<p>We have assessed the appropriateness of the estimates made by management</p>
	<p>We have no comment based on the audit procedures carried out on this key audit matter.</p>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Responsibilities of the “réviseur d’entreprises agréé” for the Audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the consolidated 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 report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

Report on Other Legal and Regulatory Requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on April 29, 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 13 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company’s website <http://www.sword-group.com>, is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in ESEF Regulation that are applicable to financial statements.

For the Group it relates to:

- Financial statements prepared in a valid XHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2024, identified as swordgroup-2024-12-31.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 28 March 2025

For Forvis Mazars, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L-1882 LUXEMBOURG

Valentin CIUDIN
Réviseur d'entreprises agréé



07 COMPANY FINANCIAL STATEMENTS

7 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

7.1 Balance sheet as at 31 December 2024

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	0,00	0,00
I. Subscribed capital not called	1103	0,00	0,00
II. Subscribed capital called but unpaid	1105	0,00	0,00
B. Formation expenses	1107	0,00	0,00
C. Fixed assets	1109	198 099 766,93	201 650 039,56
I. Intangible assets	1111	0,00	0,00
1. Costs of development	1113	0,00	0,00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	0,00	0,00
a) acquired for valuable consideration and need not be shown under C.I.3	1117	0,00	0,00
b) created by the undertaking itself	1119	0,00	0,00
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	0,00	0,00
4. Payments on account and intangible assets under development	1123	0,00	0,00
II. Tangible assets	1125	389 339,91	573 041,19
1. Land and buildings	1127	0,00	0,00
2. Plant and machinery	1129	0,00	0,00
3. Other fixtures and fittings, tools and equipment	1131	389 339,91	573 041,19
4. Payments on account and tangible assets in the course of construction	1133	0,00	0,00
III. Financial assets	1135	197 710 427,02	201 076 998,37
1. Shares in affiliated undertakings	1137	197 597 300,08	201 076 998,37
2. Loans to affiliated undertakings	1139	0,00	0,00
3. Participating interests	1141	0,00	0,00
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	0,00	0,00
5. Investments held as fixed assets	1145	113 126,94	0,00
6. Other loans	1147	0,00	0,00

The notes hereinafter form an integral part of the financial statements.

ASSETS (continued)

	Référence(s)	Exercice courant	Exercice précédent
D. Current assets			
I. Stocks			
1. Raw materials and consumables			
2. Work in progress			
3. Finished goods and goods for resale			
4. Payments on account			
II. Debtors			
1. Trade debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Other debtors			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
III. Investments			
1. Shares in affiliated undertakings			
2. Own shares			
3. Other investments			
IV. Cash at bank and in hand			
E. Prepayments			
TOTAL (ASSETS)			

The notes hereinafter form an integral part of the financial statements.

CAPITAL, RESERVES AND LIABILITIES

A. Capital and reserves	1301	7, 7.3	301	220 246 315,22	302	229 695 165,18
I. Subscribed capital	1303	7.1, 7.3	303	9 544 965,00	304	9 544 965,00
II. Share premium account	1305	7.1, 7.3	305	70 676 064,46	306	70 676 064,46
III. Revaluation reserve	1307		307	0,00	308	0,00
IV. Reserves	1309		309	4 853 436,30	310	6 191 080,30
1. Legal reserve	1311	7.2, 7.3	311	954 496,50	312	954 496,50
2. Reserve for own shares	1313	7.3, 7.4	313	3 898 939,80	314	5 236 583,80
3. Reserves provided for by the articles of association	1315		315	0,00	316	0,00
4. Other reserves, including the fair value reserve	1429		429	0,00	430	0,00
a) other available reserves	1431		431	0,00	432	0,00
b) other non available reserves	1433		433	0,00	434	0,00
V. Profit or loss brought forward	1319	7.3	319	128 634 706,92	320	141 323 966,59
VI. Profit or loss for the financial year	1321	7.3	321	6 537 142,54	322	1 959 088,83
VII. Interim dividends	1323		323	0,00	324	0,00
VIII. Capital investment subsidies	1325		325	0,00	326	0,00
B. Provisions	1331		331	0,00	332	0,00
1. Provisions for pensions and similar obligations	1333		333	0,00	334	0,00
2. Provisions for taxation	1335		335	0,00	336	0,00
3. Other provisions	1337		337	0,00	338	0,00
C. Creditors	1435		435	68 252 437,75	436	39 409 246,58
1. Debenture loans	1437		437	0,00	438	0,00
a) Convertible loans	1439		439	0,00	440	0,00
i) becoming due and payable within one year	1441		441	0,00	442	0,00
ii) becoming due and payable after more than one year	1443		443	0,00	444	0,00
b) Non convertible loans	1445		445	0,00	446	0,00
i) becoming due and payable within one year	1447		447	0,00	448	0,00
ii) becoming due and payable after more than one year	1449		449	0,00	450	0,00
2. Amounts owed to credit institutions	1355	8.1	355	56 140 479,15	356	35 172 118,69
a) becoming due and payable within one year	1357		357	140 479,15	358	35 172 118,69
b) becoming due and payable after more than one year	1359		359	56 000 000,00	360	0,00

The notes hereinafter form an integral part of the financial statements.

CAPITAL, RESERVES AND LIABILITIES (continued)

3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361	0,00	362	0,00
a) becoming due and payable within one year	1363		363	0,00	364	0,00
b) becoming due and payable after more than one year	1365		365	0,00	366	0,00
4. Trade creditors	1367		367	1 044 876,04	368	917 827,87
a) becoming due and payable within one year	1369	8.2	369	1 044 876,04	370	917 827,87
b) becoming due and payable after more than one year	1371		371	0,00	372	0,00
5. Bills of exchange payable	1373		373	0,00	374	0,00
a) becoming due and payable within one year	1375		375	0,00	376	0,00
b) becoming due and payable after more than one year	1377		377	0,00	378	0,00
6. Amounts owed to affiliated undertakings	1379		379	11 057 925,06	380	3 312 335,10
a) becoming due and payable within one year	1381	9.1	381	11 057 925,06	382	3 312 335,10
b) becoming due and payable after more than one year	1383		383	0,00	384	0,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385	0,00	386	0,00
a) becoming due and payable within one year	1387		387	0,00	388	0,00
b) becoming due and payable after more than one year	1389		389	0,00	390	0,00
8. Other creditors	1391		451	9 157,50	452	6 964,92
a) Tax authorities	1393		393	0,00	394	0,00
b) Social security authorities	1395		395	9 157,50	396	6 964,92
c) Other creditors	1397		397	0,00	398	0,00
i) becoming due and payable within one year	1399		399	0,00	400	0,00
ii) becoming due and payable after more than one year	1401		401	0,00	402	0,00
D. Deferred income	1403		403	0,00	404	0,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	288 498 752,97	406	269 104 411,76

The notes hereinafter form an integral part of the financial statements.

7.2 Income statement for the year ended 31 December 2024

PROFIT AND LOSS ACCOUNTS

	Reference(s)	Current year	Previous year
1. Net turnover	1701 9.1, 10	701 4 012 532,00	702 3 600 005,00
2. Variation in stocks of finished goods and in work in progress	1703	703 0,00	704 0,00
3. Work performed by the undertaking for its own purposes and capitalised	1705	705 0,00	706 0,00
4. Other operating income	1713 9.1	713 14 138,10	714 123 758,70
5. Raw materials and consumables and other external expenses	1671	671 -4 986 148,56	672 -3 619 000,26
a) Raw materials and consumables	1601	601 0,00	602 0,00
b) Other external expenses	1603 11	603 -4 986 148,56	604 -3 619 000,26
6. Staff costs	1605 12	605 -193 516,03	606 -211 410,13
a) Wages and salaries	1607	607 -175 343,00	608 -190 533,61
b) Social security costs	1609	609 -18 173,03	610 -20 876,52
i) relating to pensions	1653	653 -12 340,43	654 -13 359,77
ii) other social security costs	1655	655 -5 832,60	656 -7 516,75
c) Other staff costs	1613	613 0,00	614 0,00
7. Value adjustments	1657	657 686 298,72	658 746 298,72
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 4	659 -183 701,28	660 -183 701,28
b) in respect of current assets	1661 9.1, 13.1	661 870 000,00	662 930 000,00
8. Other operating expenses	1621 17	621 -429 210,43	622 -231 703,24

The notes hereinafter form an integral part of the financial statements.

PROFIT AND LOSS ACCOUNTS (continued)

9. Income from participating interests	1715		715	5 952 398,12	716	11 452 627,88
a) derived from affiliated undertakings	1717	14	717	5 952 398,12	718	11 452 627,88
b) other income from participating interests	1719		719	0,00	720	0,00
10. Income from other investments and loans forming part of the fixed assets	1721		721	67 276,65	722	1,00
a) derived from affiliated undertakings	1723		723	0,00	724	0,00
b) other income not included under a)	1725		725	67 276,65	726	1,00
11. Other interest receivable and similar income	1727		727	4 057 214,90	728	2 686 434,50
a) derived from affiliated undertakings	1729	9.1	729	2 116 177,19	730	1 312 692,91
b) other interest and similar income	1731		731	1 941 037,71	732	1 373 741,59
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663	0,00	664	0,00
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	13.2	665	359 104,60	666	-9 880 616,43
14. Interest payable and similar expenses	1627		627	-2 859 855,53	628	-2 507 976,91
a) concerning affiliated undertakings	1629	9.1	629	-286 180,92	630	-420 611,12
b) other interest and similar expenses	1631	8.1	631	-2 573 674,61	632	-2 087 365,79
15. Tax on profit or loss	1635	15	635	0,00	636	0,00
16. Profit or loss after taxation	1667		667	6 680 232,54	668	2 158 418,83
17. Other taxes not shown under items 1 to 16	1637	15	637	-143 090,00	638	-199 330,00
18. Profit or loss for the financial year	1669		669	6 537 142,54	670	1 959 088,83

The notes hereinafter form an integral part of the financial statements.

7.3 Notes for the year ended 31 December 2024

Note 1: General information

Sword Group SE, hereinafter referred to as "the Company", is a European company (*Societas Europaea*, or SE) whose registered office was transferred on 26 March 2012 from France to Luxembourg.

The Company's purpose is:

- to acquire by way of participation, contribution, subscription, underwriting, option or negotiation or in any other manner any securities, titles, rights, patents and licences and other rights in rem, personal rights and interests, such as the Company deems necessary;
- generally to hold, manage, develop and sell them in whole or in part, for the price that the Company deems fit and in particular in return for shares or securities of any company purchasing them;
- to conclude, assist with or take part in financial, business or other transactions;
- to grant to any holding company, subsidiary or any other company associated in one way or another with the Company or any company belonging to the same group of companies (the "Associate") any assistance, loans, advances, guarantees or sureties (in the last two cases, including to third parties lending to the Associate);
- to borrow or raise funds in any manner whatsoever and to guarantee the repayment of any borrowed funds;
- to provide administrative consultancy and other services or carry out any research, development and supervisory activities, and any consultancy and production activities in the field of information systems;
- generally to conduct any type of activity that might seem incidental or facilitate the attainment of any or all of the aforementioned purposes;
- to conduct any commercial, technical and financial tasks, directly or indirectly connected to the areas described above, to facilitate the accomplishment of its purpose.

It may act directly or indirectly and carry out all these operations on its own behalf or on behalf of third parties, either alone or with any other person or company, either by itself or in association with company groupings or associations, and may do so in any form. It may also acquire interests and shareholdings in any companies or business deals of any nature whatsoever.

The Company, having its registered office in Windhof, was established for an indefinite period on 22 June 2001.

The Company prepares consolidated financial statements in accordance with the Law of 19 August 1915 on the accounting and annual accounts of companies in Luxembourg, as amended (hereinafter referred to as "the Law of 19 December 2002, as amended"). The Company is listed on NYSE Euronext in Paris under ISIN number FR0004180578.

The consolidated financial statements are available on the Company's website, at the following address: <https://www.sword-group.com/investors/>.

Note 2: Accounting principles

The Company keeps its books in euros. The financial statements have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical-cost convention. The financial year coincides with the calendar year.

Accounting policies and measurement rules are – besides the ones laid down by the Law of 10 August 1915, as amended – defined by the Board of Directors. The preparation of the financial statements requires the use of certain critical accounting estimates by the Board of Directors which exercises its judgement in the process of applying the accounting principles. Any change in accounting estimates can give rise to a significant impact on the financial statements. The Board of Directors believes that the assumptions associated with these estimates are appropriate and that the financial statements present the Company's financial position and results fairly.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The conflicts in Ukraine and Palestine had no negative impact on the activities of Group subsidiaries. The Group experienced consolidated growth of 12.11% on a like-for-like basis, yielding a consolidated EBITDA of 12.0%.

Consequently, the going concern basis remains appropriate.

Note 3: Measurement rules**3.1 Intangible assets**

Intangible assets are recognised on the assets side of the balance sheet at historical cost, including incidental expenses, less depreciation calculated based on the estimated lives of property and value adjustments. Value adjustments are not continued if the reasons behind them no longer apply. This item, depreciated at a straight-line rate of 33%, is represented by a software licence and a website.

3.2 Tangible assets

Tangible assets are recognised on the assets side of the balance sheet at historical cost, including incidental expenses, less depreciation calculated based on the estimated lives of property and value adjustments. Value adjustments are not continued if the reasons behind them no longer apply. This item is depreciated at a straight-line rate of 20% and is represented by computer hardware.

3.3 Financial assets

Financial assets are measured at historical cost, including incidental expenses or par value (loans given and loans received). In the event of an impairment which, in the opinion of the Board, is of a permanent nature, financial assets are subject to value adjustments. Value adjustments are not continued if the reasons behind them no longer apply.

To determine the existence of any value adjustments in respect of shares in affiliated undertakings, the Board of Directors took as its basis the difference between the net carrying amount of each investment and the relevant recoverable amount, determined on the basis of three-year cash-flow forecasts.

3.4 Debtors

Debtors are recognised at their par value. They are subject to value adjustments when their recovery is compromised. Value adjustments are not continued if the reasons behind them no longer apply.

3.5 Investments

The investments represented by shares in money market funds are measured at their fair value which is the latest price available as at the reporting date. Unrealised losses are recognised in the profit and loss account.

The investments represented by the Company's own shares are measured at their acquisition price, including incidental expenses. A value adjustment is recognised when the historical cost is less than the market price. According to the provisions of Article 430-18 of the Law of 10 August 1915 on commercial companies, as amended, an unavailable reserve with the value of the Company's own shares included in the balance sheet has been established on the liabilities side.

The market value corresponds to the latest price available on the day of valuation for investments officially allowed to be listed on the exchange or on another regulated market.

3.6 Prepayments

This item comprises expenses recognised during the year but which are attributable to a subsequent year.

3.7 Provisions

At the end of each year, provisions are made to cover losses or debts which are clearly defined in nature but which as at the reporting date are either probable or certain and yet the amount or date of payment is uncertain, for all foreseeable risks and costs. Provisions relating to previous years are reviewed regularly and reversed through profit or loss if they are no longer required.

3.8 Creditors

These debts are recognised at their reimbursement value. They are recognised as subordinated debts when their status is subject to unsecured debts.

3.9 Conversion of foreign-currency accounts

All transactions denominated in a currency other than the euro are recognised at the exchange rate prevailing as at the transaction date. As at the reporting date:

- all assets denominated in currencies other than the euro, with the exception of cash at bank, investments, short-term receivables and fixed assets, are individually valued at the lower of the value based on the historical exchange rate or the value based on the exchange rate prevailing as at the reporting date;
- all liabilities denominated in currencies other than the euro, with the exception of short-term debt, are valued individually at the higher of the value based on the historical exchange rate or the value based on the exchange rate prevailing as at the reporting date;
- cash at bank, investments, receivables and short-term debt, by their liquid nature, denominated in currencies other than the euro, are valued at the exchange rate prevailing as at the reporting date;
- all fixed assets denominated in currencies other than the euro are converted into euros at the historical exchange rate prevailing as at the transaction date. As at the reporting date, these fixed assets are converted at the historical exchange rate.

Income and expenses in currencies other than the euro are converted into euros at the exchange rate prevailing as at the transaction date. Therefore, only realised foreign-exchange gains and losses and unrealised foreign-exchange losses are recognised in the profit and loss statement.

3.10 Turnover

Turnover includes amounts resulting from services rendered by the Company to associates, net of any sales rebates and of value-added tax and other taxes related to turnover.

3.11 Derivative financial instruments

The Company may enter into financial instrument contracts such as options, swaps, futures or currency forward contracts. It initially recognises financial instruments at acquisition cost.

Note 4: Intangible and tangible assets

4.1 Intangible assets

In the year ended 31 December 2024, intangible assets developed as follows:

	Concessions, patents and licences	Payments on account	TOTAL
Purchase price as at opening	317,448.53	-	317,448.53
Additions	-	-	-
Transfers	-	-	-
Purchase price as at year end	317,448.53	-	317,448.53
Value adjustments as at opening	(317,448.53)	-	(317,448.53)
Allocations for the year	-	-	-
Reversals for the year	-	-	-
Value adjustments as at year end	(317,448.53)	-	(317,448.53)
Net amount as at year end	-	-	-
Net amount as at opening	-	-	-

4.2 Tangible assets

In the year ended 31 December 2024, tangible assets developed as follows:

	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account	TOTAL
Purchase price as at opening	19,294.00	959,098.30	-	978,392.30
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
Purchase price as at year end	19,294.00	959,098.30	-	978,392.30
Value adjustments as at opening	(19,294.00)	(386,057.11)	-	(405,351.11)
Allocations for the year	-	(183,701.28)	-	(183,701.28)
Reversals for the year	-	-	-	-
Value adjustments as at year end	(19,294.00)	(569,758.39)	-	(589,052.39)
Net amount as at year end	-	389,339.91	-	389,339.91
Net amount as at opening	-	573,041.19	-	573,041.19

Note 5: Financial assets

In the year ended 31 December 2024, financial assets developed as follows:

	Shares in affiliated undertakings	Investments and other financial instruments held as fixed assets	TOTAL
Purchase price as at opening	223,320,887.37	522,887.87	223,843,775.24
Additions	-	113,126.94	113,126.94
Disposals	(3,967,275.29)	-	(3,967,275.29)
Transfers	-	-	-
Purchase price as at year end	219,353,612.08	636,014.81	219,989,626.89
Value adjustment as at opening	(22,243,889.00)	(522,887.87)	(22,766,776.87)
Allocations for the year	-	-	-
Reversals for the year	487,577.00	-	487,577.00
Amount carried forward from the year	-	-	-
Value adjustment as at year end	(21,756,312.00)	(522,887.87)	(22,279,199.87)
Net amount as at year end	197,597,300.08	113,126.94	197,710,427.02
Net amount as at opening	201,076,998.37	0.00	201,076,998.37

5.1 Shares in affiliated undertakings

During the year ended 31 December 2024, the Company performed the following intra-group transactions:

- disposal of 870 shares in Sword Technologies SA, a Luxembourg company, for €6,531,102.31, i.e. 16.79% of this company's share capital, and yielding a capital gain of €3,954,385.92;
- disposal of 242 shares in Sword Lebanon (Offshore), a Lebanese company, for €3,132,351.53, i.e. 7.8% of this company's share capital, and yielding a capital gain of €1,808,202.63;
- disposal of 15,600 shares in Sword Cyprus Ltd, a Cypriot company, for €205,409.57, i.e. 15.6% of this company's share capital, and yielding a capital gain of €189,809.57;
- simplified liquidation of the French company Le Connecteur S.à r.l., yielding a liquidation deficit of €1,365.37.

As at 31 December 2024, the Board of Directors believed that:

- for Sword Lebanon (Offshore) SAL, Sword Solutions Inc., Sword Suisse Holding, Sword Technologies S.A. and Tipik Communication Agency SA, the value of the companies exceeded the historical purchase price, so no value adjustment was recorded for these shares as at 31 December 2024;
- for Sword Soft Ltd, a value-adjustment reversal of €450,630.00 was recorded, bringing the total value adjustment to €21,756,312.00 as at 31 December 2024 (€22,206,942.00 in 2023).

To determine the existence of any value adjustments in respect of shares in affiliated undertakings, the Board of Directors took as its basis the difference between the net carrying amount of each investment and the relevant recoverable amount, determined on the basis of three-year cash-flow forecasts.

As at 31 December 2024, shares in affiliated undertakings were represented by:

Subsidiary name	% held	Purchase price	Share of equity as at 31/12/2024 in €	Share of profit or loss as at 31/12/2024 in €	
Sword Soft Ltd , Staines One, Station Approach, Staines-upon-Thames, TW18 4LY, England	100.00%	161,366,200.00	69,057,774	986,890	Audited
Sword Suisse Holding S.A. , 19 Avenue des Baumettes, CH-1020 Renens, Switzerland	100.00%	31,013,650.42	26,517,884	-547,555	Unaudited
Sword Lebanon (Offshore) SAL , Sodeco Road, Beirut, Lebanon	75.32%	12,776,389.02	6,913,006	2,004,798	Audited
Sword Technologies S.A. , 2 Rue d'Arlon, LU-8399 Windhof, Luxembourg	60.25%	9,243,599.82	5,063,529	1,195,941	Audited
Tipik Communication Agency S.A. , Avenue de Tervueren 270, BE-1150 Brussels, Belgium	100.00%	3,500,771.82	1,581,564	181,769	Audited
Sword Solutions Inc. , 30 Broad Street, 14th Floor, New York, NY 10004, United States	100.00%	1,302,000.00	1,970,815	15,451	Unaudited
Sword Cyprus Ltd , 121 Prodromou Street, Nicosia, Cyprus	75.50%	151,000.00	561,746	195,689	Unaudited
Sword Co-Investment Fund SCSp , 2 Rue d'Arlon, LU-8399 Windhof, Luxembourg	0.01%	1.00	Immaterial	Immaterial	Unaudited
		219,353,612.08			

5.2 Investments held as fixed assets

During the year ended 31 December 2024, and in connection with the capital increase in Cowork Engineering SAS, a French company, the Company subscribed to 366 new shares in the said company for €113,126.94, of which €109,466.94 relates to the share premium account.

As at 31 December 2024, the Company held the following:

- 10% of the share capital in Cowork Engineering SAS, amounting to €113,126.94;
- 10% of the share capital in Lyods Engineering Limited, amounting to €522,877.87.

As at 31 December 2024, the Board of Directors resolved to maintain the allowance of €522,877.87 for shares in Lyods Engineering Limited, a company having its registered office in Hong Kong.

Note 6: Other debtors

During the year ended 31 December 2020, the Company granted long-term loans in foreign currency to senior executives of Group subsidiaries in connection with financing the acquisition of interests in Group subsidiaries. These loans bear interest at a fixed rate of 4% for the years 2023 and 2024 and will mature on 30 June 2025 at the latest.

As at 31 December 2024, the amount of the loans, including interest, was €1,534,448.00, repayable in full within a year. The revaluation of the amount repayable within a year generated a foreign-exchange gain of €319,092.23. For the year ended 31 December 2024, these loans accrued €59,172.68 in interest.

During the year ended 31 December 2024, the Company granted short-term loans in euros and foreign currencies and a long-term loan in foreign currency to senior executives of Group subsidiaries in connection with financing the acquisition of interests in Group subsidiaries. These loans bear interest at a fixed rate of 4% and will mature on 30 June 2025 at the latest in the case of the short-term loans and on 30 June 2029 at the latest in the case of the long-term loan.

As at 31 December 2024, these short-term and long-term loans, including interest, came to €1,312,332.03 and €111,421.10 respectively. For the year ended 31 December 2024, short-term and long-term loans accrued €9,668.10 and €0 in interest respectively.

During the year ended 31 December 2024, the Company granted a short-term loan of €85,000.00 to Cowork Engineering SAS. As at 31 December 2024, this short-term loan, including interest, came to €87,333.15. For the year ended 31 December 2024, this loan accrued €2,333.15 in interest.

Therefore, the position in terms of other debtors as at 31 December 2024 and 31 December 2023 was as follows:

	2024	2023
Other debtors due within one year		
Loans to the Group's directors	2,934,840.11	3,685,856.55
VAT receivables	63,860.02	173,141.40
Other	1.00	1.00
	2,998,701.13	3,858,998.95
Other debtors due after more than one year		
Loans to the Group's directors	111,421.10	3,251,383.18
	111,421.10	3,251,383.18

Note 7: Capital and reserves

7.1 Subscribed capital

As at 31 December 2024 and 31 December 2023, the share capital stood at €9,544,965, represented by 9,544,965 shares with a par value of €1 each, fully paid up. The share capital is accompanied by a share premium account worth €70,676,064.46.

7.2 Legal reserve

Each year, a fixed percentage of 5% of the net profit, after absorption of deferred losses, if applicable, will be allocated to the legal reserve. The deduction will no longer be compulsory when the reserve reaches 10% of the share capital. The reserve cannot be distributed.

7.3 Changes in equity accounts

For the period ended 31 December 2024, the changes were as follows:

	01/01/2024	Allocation of profit or loss	Profit or loss for the financial year	Dividends paid	Own shares	31/12/2024
Share capital	9,544,965.00	-	-	-	-	9,544,965.00
Share premium account	70,676,064.46	-	-	-	-	70,676,064.46
Legal reserve	954,496.50	-	-	-	-	954,496.50
Reserve for own shares	5,236,583.80	-	-	-	(1,337,644.00)	3,898,939.80
Profit or loss brought forward	141,323,966.59	1,959,088.83	-	(15,985,992.50)	1,337,644.00	128,634,706.92
Interim dividends	-	-	-	-	-	-
Profit or loss for the financial year	1,959,088.83	(1,959,088.83)	6,537,142.54	-	-	6,537,142.54
TOTAL	229,695,165.18	-	6,537,142.54	(15,985,992.50)	-	220,246,315.22

7.4 Own shares

As at 31 December 2024, 109,214 shares were recognised under "Investments" as the Company's own or own shares, amounting to a total of €3,898,939.80.

In accordance with the provisions of Article 430-18 of the Law of 10 August 1915 on commercial companies, as amended, an unavailable reserve for the amount of own shares included in the balance sheet has been established on the liability side, i.e. a total amount of €3,898,939.80.

A total of 8,755 own shares listed as investments were acquired to support the market price of the Sword Group share (8,959 own shares in 2023).

A total of 100,459 own shares listed as investments were acquired as part of a capital reduction to be carried out over a 24-month period, i.e. by the end of October 2025 at the latest (133,955 own shares in 2023). During the year ended 31 December 2024, 66,397 own shares purchased in 2023 as part of this capital reduction programme were resold, yielding a capital gain of €73,614.96. During the year ended 31 December 2024, 32,901 shares were purchased for a total acquisition value of €1,252,200.85 as part of this capital reduction programme. During the year ended 31 December 2024, no own shares were cancelled.

Note 8: Creditors

8.1. Amounts owed to credit institutions

No amounts owed to credit institutions has a maturity of over five years. No debt is covered by collateral. As at 31 December 2024, the breakdown of amounts owed to credit institutions was as follows:

	Amount drawn down	Authorised amount
Amounts owed to credit institutions due after more than one year	56,000,000.00	120,000,000.00
Amounts owed to credit institutions due within one year	-	-
Interest and commission payable	140,479.15	-
	56,140,479.15	120,000,000.00

Classification of amounts owed to credit institutions due after more than one year:

Bank debt due after more than one year comprises floating-rate syndicated loans that are subject to drawdowns by the Company in the form of promissory notes whose term can vary from one to six months. To classify outstanding promissory notes as at year end as financial debt due after more than one year, the following items were taken into account:

- the ability of the Company, without opposition on the part of the banks that granted the loans, to renew the drawdowns for a period of at least one year (all credit openings valid as at 31 December 2024 cannot be reduced by the banks within a 12-month period);
- the Company's desire to utilise that form of funding within the 12 months ahead.

Bank covenants

The Company pledges to maintain, in accordance with the covenant clauses:

- a net consolidated financial debt/consolidated EBITDA ratio of less than 3 or 3.5, depending on the agreement;
- a net consolidated financial debt/consolidated equity ratio of less than 1.

Should the Company fail to comply with the aforementioned covenants, the lending banks can demand the reimbursement of the outstanding loan. As at 31 December 2024, the Company complied with these covenants.

8.2. Trade creditors

As at 31 December 2024 and 31 December 2023, trade creditors were as follows:

	2024	2023
Trade creditors	442,945.22	682,912.20
Trade creditors – invoices not received	601,930.82	234,915.67
	1,044,876.04	917,827.87

In 2024, there was an increase in invoices not received, related to exceptional fees of €300,000.00 to be received from Financière Sémaphore S.à r.l.

Note 9: Related-party transactions**9.1 In respect of affiliated undertakings**

As at 31 December 2024, balance-sheet items in respect of affiliated undertakings were as follows:

	Amounts owed by affiliated undertakings due within one year	Amounts owed to affiliated undertakings due within one year
Sword Co-Invest Fund SCSp (LU) Sword Technologies SA (LU)	24,980,170.15	-
Sword Soft Ltd (UK)	19,174,099.07	-
Tipik Communication Agency S.A. (BE)	17,728,785.57	-
Sword Suisse Holding (CH)	2,207,936.11	-
Sword Solutions Inc. (USA)	-	9,282,459.00
Miscellaneous affiliated undertakings	-	1,768,464.42
	920,561.42	7,001.64
	65,011,552.32	11,057,925.06

The main balance-sheet items listed above were generated primarily by cash pooling. The main current accounts between Group companies were paid at a rate corresponding to the Euribor 3M plus a margin of 0.15%.

During the year ended 31 December 2024, the following events occurred:

- The Company took back €580,000.00 under a clawback provision vis-à-vis the current account of Sword Technologies S.A. As at 31 December 2024, there was a current-account waiver with a clawback provision vis-à-vis Sword Technologies S.A. amounting to €6,275,000.00. The Sword Technologies S.A. current-account total of €19,174,099.07 factors in this current-account waiver.
- The Company took back €290,000.00 under a clawback provision vis-à-vis the current account of Tipik Communication Agency S.A. As at 31 December 2024, there was a current-account waiver with a clawback provision vis-à-vis Tipik Communication Agency S.A. amounting to €10,564,381.96. The Tipik Communication Agency S.A. current-account total of €2,207,936.11 factors in this current-account waiver.

For the year ended 31 December 2024, the main types of income and expenses in respect of affiliated undertakings were as follows:

	Expenses	Income
Management services	-	3,990,590.00
Income from the partial sale of financial assets	-	5,952,398.12
Reversal of value adjustment in respect of financial assets	-	450,630.00
Subcontracting/miscellaneous fees	560,743.00	-
Sponsorship	699,041.27	-
Other miscellaneous expenses/income	263,208.17	7,980.22
Interest on cash-pooling current account	247,868.55	2,118,720.37
Current-account waiver/reversal with clawback provision	-	870,000.00
	1,770,860.99	13,390,318.71

9.2 In respect of non-consolidated companies sharing common senior executives

With regard to the year ended 31 December 2024, Financière Sémaphore S.à r.l., a Luxembourg company, performed the following services:

- assistance with the Company's executive management: €349,999.91 (€349,999.92 in 2023), including prospecting services for potential acquisition targets;
- success fees related to sales/acquisitions: €300,000.00 (€0.00 in 2023) – amount accrued but not yet invoiced.

The Group used transport services worth a total of €258,331.99 provided by a subsidiary of Financière Sémaphore (€254,720.00 in 2023).

Note 10: Net turnover

During the year ended 31 December 2024, turnover was €4,012,532.00 (€3,600,005.00 in 2023) and comprised services for all of the Group's subsidiaries as well as recharging of specific expenses.

The breakdown by geographical area was as follows:

- Europe: 95%
- Asia: 4%
- America: 1%

Note 11: Other external expenses

During the year ended 31 December 2024, other external expenses comprised acquisition, sale and restructuring fees, amounting to €1,698,810.24 (€817,168.39 in 2023), and fees relating to managing the holding company and its subsidiaries, amounting to €3,287,338.32 (€2,801,831.87 in 2023).

Note 12: Staff

During the year ended 31 December 2024, the number of Company employees stood at an average of one person (which was also the case as at 31 December 2023).

Note 13: Value adjustments (depreciation and reversals)**13.1 Reversals of value adjustments in respect of current assets**

For the year ended 31 December 2024, reversals of value adjustments in respect of current assets comprised the following items:

- a reversal of a waiver with current-account clawback provision in respect of affiliated undertakings: €870,000.00 (€930,000 in 2023) – see Note 9.1.

13.2 (Reversals of) value adjustments in respect of financial assets and of investments held as current assets

For the year ended 31 December 2024, (reversals of) value adjustments in respect of financial assets and of investments held as current assets comprised the following items:

- reversals of value adjustments in respect of Sword Soft Ltd shares (€450,630.00) and Le Connecteur S.à r.l. shares (€36,947.00) (€13,382,275.00 in 2023) – see Note 5;
- a value adjustment of €128,472.40 in respect of the Company's own or own shares recognised under the current assets item "Investments" (€0.00 in 2023).

Note 14: Income from participating interests

For the year ended 31 December 2024, income from participating interests (€5,952,398.12) was represented by intra-group capital gains relating to the disposal of participating interests (see Note 5) and dividends received, amounting to €0 (€11,452,627.88 in 2023).

Note 15: Tax

The Company is subject to all taxes applicable to companies with share capital.

Note 16: Off-balance-sheet commitments

As at 31 December 2024 and 31 December 2023, the Company had no specific off-balance-sheet commitments. In general, the Company issues letters of financial support on behalf of Group subsidiaries as part of their client contracts which require a performance guarantee.

Note 17: Board of Directors' remuneration

For the year ended 31 December 2024, the directors received fees amounting to €150,000 (also €150,000 in 2023). This amount is included in "Other operating expenses".

For the years ended 31 December 2024 and 31 December 2023, no advance or credit was paid to members of the administrative bodies.

Note 18: Fees received by the *Réviseur d'Entreprises Agréé* (statutory auditor)

In accordance with Article 65(1), 16° of the Law of 19 December 2002, as amended, the specified information has been omitted. Information on the audit fees is given in the consolidated financial statements and includes the audit fees for the financial statements.

Note 19: Subsequent events

On 20 January 2025, the Company obtained an additional line of credit worth €10 million, increasing its bank-based financing capacity from €120 million to €130 million.

To the Shareholders of
SWORD GROUP SE
Société européenne

R.C.S. Luxembourg B168244

2-4, rue d'Arlon
L-8399 - WINDHOF

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SWORD GROUP SE** (the "Company"), which comprise the balance sheet as at 31 December 2024, and the profit and loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 7.4 “Own Shares” in the financial statements, where it is stated that 66,397 own shares acquired in 2023 as part of the capital reduction were sold, and that no own shares were cancelled during the year 2024.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasons for which a key audit matter has been raised	Response to the identified key audit matter
Shares in affiliated undertakings and participating interests	
As at 31 December 2024, the Company owns a number of subsidiaries, recognized at acquisition cost, which may be subject to value adjustments in case of a permanent decrease in their value.	Test of substantive details have been conducted to ensure the existence of investments as well as the reconciliation of movements of shareholders’ funds in the course of the year.
The valuation of these investments is significant for our audit, given the carrying amount thereof and the judgement required in assessing the permanent nature of any value adjustment.	We assessed management’s handling of indicators of potential losses. In this assessment, the net carrying amount is used as a starting point for evaluating whether a loss is permanent, in addition to a qualitative analysis.
	We have also reviewed the adequacy of the information in Notes 5.1. “Shares in affiliated undertakings” and 5.2. “Investments held as fixed assets”.
Key observations communicated to those charged with governance	We have no comment based on the audit procedures carried out on this key audit matter.

Reasons for which a key audit matter has been raised	Response to the identified key audit matter
Revenue recognition	
The Company provides management services, as described in note 10 in the financial statements, to various subsidiaries. International Standards on Auditing require auditors to assume a fraud risk in revenue recognition when initially assessing the risk of material misstatements.	Our procedures included evaluating the income recognition method for management services contracts and the design and effectiveness of management controls regarding income recognition analysis and the identification of unusual contractual conditions. Detailed substantive procedures have been carried out with regard to the cost-plus analysis and testing of the calculation of the management fees and margin validation.
Key observations communicated to those charged with governance	We have no comment based on the audit procedures carried out on this key audit matter.

Other information

The Board of directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Responsibilities of the “réviseur d'entreprises agréé” for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d'entreprises agréé” 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 report of the “réviseur d'entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on April, 29, 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 13 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company’s website <http://www.sword-group.com> is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the financial statements of the Company as at 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the company its relates to the financial statements prepared in a valid XHTML format.

In our opinion, the financial statements of the Company as at 31 December 2024, identified as swordgroup-2024-12-31.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 28 March 2025

For Forvis Mazars, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L-1882 LUXEMBOURG

Valentin CIUDIN
Réviseur d’entreprises agréé



08 ADDITIONAL INFORMATION

8 ADDITIONAL INFORMATION

8.1 Memorandum and Articles of Association

Capital and Shares

The share capital is €9.545 million, or more precisely €9,544,965 (nine million five hundred and forty-four thousand nine hundred and sixty-five euros). It is divided into 9,544,965 shares worth €1 each, fully paid up and all of the same category. The shares shall be issued in paperless format.

Any shareholder, acting alone or in concert, who owns more than 5%, 10%, 15%, 20%, 25%, a third, half or two thirds of the capital or the voting rights is obliged to inform the Company of the total number of shares and voting rights held, by registered letter with acknowledgement of receipt, within four stock exchange trading days starting on the day where they learn that they have exceeded these shareholding thresholds. The same will apply whenever the person's holding falls below one of the said thresholds.

This information will also be provided to the Financial Sector Supervisory Commission within (i) 6 trading days of any transaction and (ii) 4 trading days of the date the said shareholding thresholds are crossed due to an event that modifies the distribution of the voting rights.

If shares have not been properly disclosed, voting rights shall be withdrawn from those shares exceeding the number that should have been declared until proper notification is provided.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary.

Modifications of the Share Capital

1 – The share capital may be increased by whatever means and according to all the procedures provided for by law.

Payment for newly created shares may be made in cash, either by offsetting these against claims for liquidated amounts due from the Company or by incorporating reserves, profits or share premiums or by a contribution in kind or through the conversion of bonds.

Only the Extraordinary General Meeting shall have the power to decide on any increase in capital. It may also delegate this power to the Board of Directors in relation to the capital authorised by the Memorandum and Articles of Association.

The Board of Directors may decide to restrict increases in capital only for payments in cash corresponding to the amount subscribed.

In the event of a capital increase through the issue of shares for cash, pre-emptive rights shall be granted to the owners of the existing shares in accordance with the provisions laid down by law.

However, shareholders may individually waive their pre-emptive right during the General Meeting that decides on or authorises the share capital increase. In addition, the shareholders may, in the General Meeting, cancel this pre-emptive right in accordance with legal requirements.

2 – A capital increase may also arise following a request made by any shareholder to receive payment of all or some of the dividends to be distributed, in the form of shares when shareholders have been granted the right to do so by a resolution of the General Meeting or by the Board of Directors within the scope of a capital increase up to the amount of the authorised capital as defined under Article 8 of the Memorandum and Articles of Association and under Article 2.1 of the charter.

In such a case, the Board of Directors shall, within the statutory time limit, record the number of shares issued by virtue of the previous paragraph and shall record changes to the Memorandum and Articles of Association by means of a notarial deed.

The Extraordinary General Meeting may also delegate to the Board of Directors the power to actually reduce the share capital.

The Board of Directors may repurchase Company shares, within the limits provided by law and the authorisation granted by the Extraordinary General Meeting.

Powers and General Meetings

The shareholders shall be given notice to attend General Meetings in accordance with the legal provisions and those of the Memorandum and Articles of Association. Article 18 of the Memorandum and Articles of Association lays down general rules for the General Meetings of Shareholders.

Convening Notices

The shareholders shall convene at the Annual General Meeting on 28 April of each year at 11 a.m. in the municipality where the Company has its registered office or at any other venue indicated in the convening notice.

If the meeting date coincides with a bank holiday, the meeting shall be held the next working day.

Ordinary General Meetings may be called by the Board of Directors at any time during the year with a special notice to this effect.

One or more shareholders holding at least a total of 10% of the subscribed capital may request that a General Meeting be called. The notice to convene such a meeting shall state the items on the agenda.

The form of the meeting and the notice period shall be as required by law. Convening notices must indicate the venue for the meeting, which may be held at the registered office or at any other location, and the agenda.

Agenda

The agenda is set by the person calling the meeting. It shall include, if appropriate, proposals made by one or more of the shareholders owning a total of at least 5% of the subscribed capital. These shareholders may request that one or more new items be included in the agenda of any General Meeting, subject to the time limits and procedures provided by law.

When a meeting has not been able to deliberate validly due to the absence of the required quorum, a second meeting shall be convened in the same way as the first, with the convening notice referring to the date of the first meeting.

Admission to the Meetings – Powers

All shareholders shall be entitled to attend the General Meetings personally or by proxy, regardless of how many shares they hold, on supplying proof of identity and share ownership, in the form:

- either of a registration in their name;
- or of an entry of the shares in an account in the name of the shareholder or of the intermediary who is registered to represent them, as at the third working day preceding the General Meeting at midnight (00:00), Paris time.

However, the Board of Directors may reduce or waive such a notice period if this is in the interests of all the shareholders.

The shareholders may submit their vote by post but must request a postal vote form from the Company in order to do so. This form will include the information relating to the General Meeting in question and will be drafted in such a way that shareholders will be able to cast their vote on each of the resolutions proposed, in the order in which they are presented at the meeting. The request for the form must be addressed to the Company by any means and must be deposited or received at the registered office at least six days prior to the meeting.

To be valid, the ballot paper must include the following information:

- the shareholder's first name, surname and place of residence;
- an indication of the form in which the shares are held, the number of shares held and confirmation of the registration of the shares either in the registered share accounts or in the share accounts held by the authorised financial intermediary;
- the signature of the shareholder or his/her legal representative.

Postal votes must, in order to be taken into account, reach the Company at least three days before the General Meeting.

A shareholder can be represented by a third party in accordance with the conditions laid down by the regulations in force.

Holding of the Meeting – Meeting Committee (Secretary of the Meeting) – Minutes

The General Meeting is chaired by the Chairman of the Board of Directors or by a Director designated by the Board, if the convening notice comes from the latter, or failing that, by a person appointed by the meeting. It shall be chaired by the statutory auditor or company auditor as the case may be and by the court officer or by the liquidator in the other cases. Scrutineer duties are performed by the two Board members having the most votes, as long as they agree to these responsibilities. The committee appoints a secretary (who may be a non-shareholder).

The deliberations are recorded in minutes signed by the members of the committee and by the shareholders requesting them.

Copies or extracts of these minutes, to be submitted in court or elsewhere, are duly certified in the case of Ordinary General Meetings by the Chairman of the Board of Directors or a Director or the Secretary of the General Meeting and in the case of Extraordinary General Meetings, by the Notary who is the depository for the minutes in question.

Conditions for Exercising Voting Rights – Majority Quorum

1 – The quorum shall be calculated taking into account all the shares that comprise the share capital, less those shares from which voting rights have been withdrawn by law.

For postal votes, only forms duly completed and comprising a reference to the certificate of deposit of the shares, received by the Company at least three days before the meeting is held, will be taken into consideration when determining the quorum.

2 – The Ordinary General Meeting cannot validly conduct business on the basis of the first convening notice, unless the shareholders present, represented or voting by post own at least a quarter of the share capital. In the absence of such a quorum, a second General Meeting will be called, without the need for a quorum, in the form envisaged within the provisions of Article 450-3 of the Law of 10 August 1915 on commercial companies, as amended.

The Extraordinary General Meeting cannot validly conduct business unless the shareholders present, represented or voting by post own at least half of the share capital at the time of the first convening notice. In the absence of such a quorum, a second General Meeting will be called, without the need for a quorum, in the form envisaged within the provisions of Article 450-3 of the Law of 10 August 1915 on commercial companies, as amended.

3 – In General Meetings, each member of the Meeting shall have the same number of votes as the number of shares he/she owns or represents without any limitation, with the sole exception of the cases provided for by law.

4 – At General Meetings, voting shall take place on a show of hands, by names being called out or by secret ballot or through the use of telecommunications, such as videoconferencing solutions or any other means of teletransmission that make it possible to identify the shareholder taking part in the General Meeting, as may be decided by the committee for the meeting or by the shareholders.

Resolutions of Ordinary General Meetings shall be made by a majority of the validly cast votes. The validly cast votes do not include those associated with the shares for which the shareholder has not taken part in the vote, abstained from voting or returned a blank or invalid vote.

Resolutions of Extraordinary General Meetings shall be by a majority of two thirds of the validly cast votes.

Dividend Policy

In accordance with Article 23 of the Memorandum and Articles of Association, the following items shall initially be deducted from the profits of the accounting year less any losses from the previous years:

- at least five percent (5%) to constitute the legal reserve; such a deduction will cease to be mandatory when the said reserves will have reached a sum equal to one tenth of the capital, but will resume if for any reason whatsoever this percentage is no longer reached;
- and any amounts to be allocated to the reserve account by law.

The balance, plus profits carried forward, shall comprise the distributable profit that the General Meeting, on proposal from the Board of Directors, may resolve to distribute in full or in part as dividends, or allocated to reserve accounts, capital amortisation or carry forward.

The Extraordinary General Meeting may, subject to legal provisions, decide on the full or partial amortisation of the shares that will proportionally lose the right to a dividend and to the reimbursement of their par value.

This meeting may also, subject to legal provisions, decide to convert into capital shares those shares that have been fully or partially amortised.

In general, Sword Group shall pursue a dividend policy linked, on the one hand, to the profits of the year in question and, on the other, to the foreseeable development of the Group and its profitability.

8.2 Documents available to the public

All accounting, legal and other documents are available at the Company's registered office.

8.3 Person in charge of the annual report

The person in charge of the annual financial report is Jacques Mottard.

8.4 Statutory auditors of the accounts

Statutory audits of the accounts are carried out by Forvis Mazars Luxembourg, *Cabinet de Révision Agréé*, having its registered office at 5 Rue Guillaume J. Kroll, LU-1882 Luxembourg.

This appointment has been made on an annual basis by the Ordinary General Meeting since the meeting held on 3 May 2013 and was renewed by the Ordinary General Meeting on 29 April 2024 for a term expiring at the General Meeting called to approve the financial statements for the year ended 31 December 2024 (its renewal will be proposed at the General Meeting on 28 April 2025).

8.5 Statement by the person in charge of the annual financial report

Pursuant to Article 3 (2) c) of the Law of 11 January 2008 on transparency requirements for information about issuers whose securities are admitted to trading on a regulated market, as amended, we declare that these financial statements were prepared in accordance with applicable accounting standards and that, to the best of our knowledge, they give a true and fair view of the assets and financial position of Sword Group SE ("the Company") as at 31 December 2024 and of the results of its operations for the year then ended, and a description of the main risks and uncertainties facing the Company. The management report, to the best of our knowledge, presents truly and fairly the development, results and financial position of the Company.

Windhof, 28 March 2025

Jacques Mottard
Chairman and Chief Executive Officer



09 OFFICES AND CONTACT DETAILS

9 OFFICES AND CONTACT DETAILS

Sword in Bellshill	New Alderston House, 3 Dove Wynd, Strathclyde Business Park, Bellshill, ML4 3FB Scotland
Sword in Billingham	16 Earls Nook, Belasis Business Park, Billingham, Stockton-on-Tees, TS23 4EF England
Sword in Staines (London)	Staines One, Station Approach, Staines-upon-Thames, TW18 4LY England
Sword in Al-Badaa	2 483 Alagar ibn yassaralomozni street 6644, Al-Badaa 49814 Saudi Arabia
Sword in Riyadh	9313 Street Number 92, Al Olaya, 2405, Riyadh 12214 Saudi Arabia
Sword in Brussels	Avenue de Tervueren 270, BE-1150 Brussels Belgium
Sword in Montreal	1501 Avenue McGill College, Suite 1450, Montreal, QC, H3A 3M8 Canada
Sword in Nicosia	121 Prodromou Str., Hadjikyriakion 1, 7th Floor, Office 401, 2064 Nicosia Cyprus
Sword in Aberdeen	H1, The Hill of Rubislaw, Anderson Drive, Aberdeen, AB15 6BL Scotland
Sword in Glasgow	3rd Floor, 20 Buchanan Street, Glasgow, G1 3LB Scotland
Sword in Dubai	Dubai Internet City, Building 14, Office 411, PO Box 500406, United Arab Emirates
Sword in Barcelona	Carrer de Pau Claris 194–196, 7-1, 08037, Barcelona Spain
Sword in New York	30 Broad Street, 14th Floor, New York, NY 10004 United States
Sword in Houston	800 Town and Country Blvd, Houston, Texas 77024 United States
Sword in Saint-Didier-au-Mont-d'Or (Lyon)	11 Rue Voie Lactée, 69370 Saint-Didier-au-Mont-d'Or France
Sword in Athens	Pyrna Complex, Building C, 3rd Floor, 15 Andrea Metaxa Street, 14564 Kifisia Greece

Sword in Chennai	Elnet Software City, 3rd Floor, TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai, 600 113 India
Sword in Beirut	Berytech Building (Mathaf), 6th Floor, Sodeco Road, Beirut Lebanon
Sword in Biwer (Luxembourg)	1 Haaptstrooss, 1st Floor, LU-6869 Biwer Luxembourg
Sword in Windhof (Luxembourg)	2 Rue d'Arlon, LU-8399 Windhof Luxembourg
Sword in Rijswijk (The Hague)	Monfor Offices, Sir Winston Churchilllaan 299a, 2288 DC, Rijswijk Netherlands
Sword in Bern	Nordring 10A, 3013 Bern Switzerland
Sword in Eysin (Nyon)	Route de Crassier 7, Building A1, 1262 Eysins (Nyon) Switzerland
Sword in Plan-les-Ouates (Geneva)	Skylab, Chemin du Pré-Fleuri 5, 1228 Plan-les-Ouates Route de la Galaise 24, 1228 Plan-les-Ouates Switzerland
Sword in Renens (Lausanne)	Avenue des Baumettes 19, 1020 Renens Switzerland
Sword in Sion	Econopôle, Route de la Drague 18, 1950 Sion Switzerland

Contacts

contact@sword-group.com

investorrelations@sword-group.lu

Follow Sword



<https://www.sword-group.com>

https://x.com/Sword_Group



<https://www.facebook.com/SwordGroup/>



<https://www.linkedin.com/company/sword-group>



<https://bit.ly/Sword-YouTube>

Sword Group | 2–4 Rue d'Arlon, LU-8399 Windhof, Luxembourg
SE capital €9,544,965
B168244