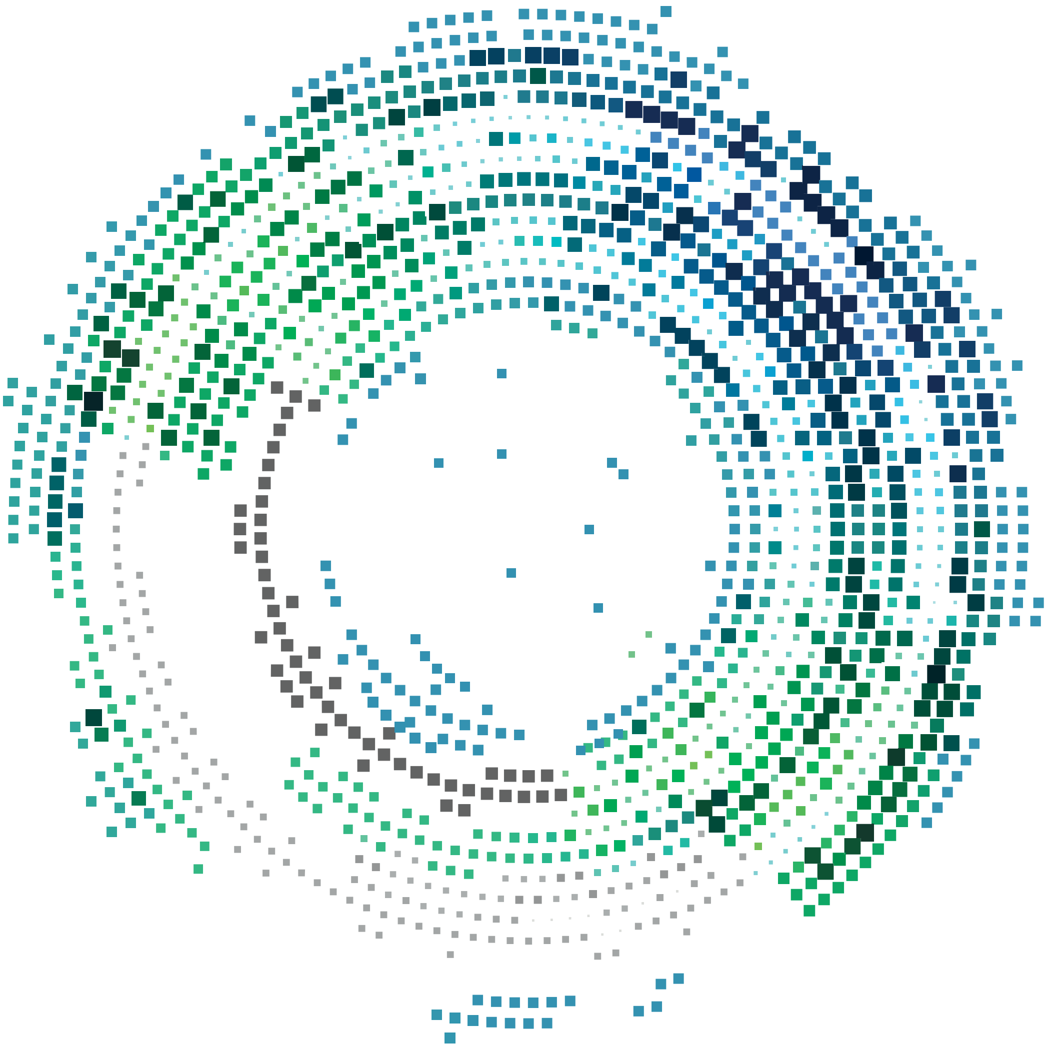
Deloitte.



Sentia Denmark A/S

Smedeland 32
2600 Glostrup
CVR No. 10008123

Annual report 2019

The Annual General Meeting adopted the annual report on 01.10.2020

Claus Kuno
Chairman of the General Meeting

Contents

Entity details

Entity

Sentia Denmark A/S

Smedeland 32

2600 Glostrup

CVR No.: 10008123

Registered office: Albertslund

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Iyan Khaled Zein, Chairman of the Board

Finn Vagner

Michael Antoine van den Bogaard

Executive Board

Finn Vagner, CEO

Auditors

Grant Thornton Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 Copenhagen Ø
CVR No.: 34209936

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Sentia Denmark A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Glostrup, 01.10.2020

Executive Board

Finn Vagner
CEO

Board of Directors

Iyan Khaled Zein
Chairman of the Board

Finn Vagner

Michael Antoine van den Bogaard

Independent auditor's report

To the shareholder of Sentia Denmark A/S

Opinion
We have audited the financial statements of Sentia Denmark A/S for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of the 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 management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 01.10.2020

Grant Thorntorn
CVR No. 34209936

Sebastian With Hansen
State Authorised Public Accountant
Identification No (MNE) mne36191

Claus Koskelin
State Authorised Public Accountant
Identification No (MNE) mne30140

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Gross profit/loss	200,994	143,201	43,994	41,486	37,932
Operating profit/loss	22,240	19,121	2,960	6,551	5,636
Net financials	(1,581)	(2,502)	(975)	(985)	(2,301)
Profit/loss for the year	16,083	12,734	1,985	5,566	4,262
Total assets	230,624	190,073	85,889	99,653	89,083
Investments in property, plant and equipment	55,930	70,376	11,078	12,387	12,828
Equity	110,822	83,256	31,483	33,874	29,980
Ratios					
Solvency ratio (%)	48,5	43,8	36,7	34	33,7
Liquidity ratio (%)	140,4	80,3	44,9	77,2	77,7
Return on invested capital (%)	9,7	10,1	17,7	16,3	16,7
Return on equity (%)	16.57	22.20	6.07	17.43	9,8

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Solvency ratio (%):
Equity at the end of finanscial year * 100
Total assets

Liquidity ratio (%):
Current assets * 100
Current liabilities

Return on invested capital (%):
EBITDA * 100
Total assets

Return on equity (%):
Profit/loss for the year * 100
Average equity

Primary activities
The company's primary activity is to run an it-business.

Development in activities and finances
The result and the financial development in 2019 resulted in a profit of 16,083 t.kr. compared to last finanscial year result of 12,734 t.kr. The result was as expected and is by the board of directors and the executive board considered satsifactory.

Unusual circumstances affecting recognition and measurement
The Company has participated in a merger with the group Company Sentia Denmark Services 6 A/S.
In accordance with the uniting-of-interests method the figures of comparison have not been amended.

Outlook
The executive board and the board of directors have increased expectations for the company's financial development and profit. The expectations for the financial year 2020 is a gross profit in the region of 240,000 t.kr. and a profit after tax in the region of 25,000 t.kr. The expectations are based on additional acquisitions as well as organic growth.

Particular risks
The Company is part to some ongoing lawsuits. Management is of the opinion that the outcome of these lawsuits will not affect the Company's financial position in addition to the receivables and liabilities recognized in the balance sheet per December 31, 2019. The Company has no further particular risks.

Intellectual capital resources
The Company's ambition is to be in the lead of private and public cloud. The Company has considerable intellectual capital resources within its filed of activity, which may be divided into four categories: Customers, Technology, Processes and Staff relations.

Environmental performance
The Company cares about the environment and is currently working on reducing the environmental impact from the Company's operation, the processes and products offered. The Company possesses the relevant environmental approvals, and the Company' activities do not involve harmful or extraordinary impacts to the environment.

Sentia Denmark A/S already decided back in 2008 to become a "green" business. Thus, receive all electricity from Danish wind turbines and Norwegian hydroelectric power plant and signed in 2014, as the first Danish hosting/data centre business, an agreement on recycling of waste heat produced in the data centre for use for the production of district heating for private households in the immediate area. In 2016 we doubled the capacity.

We will stress our intention to be innovative in all parts of our Company, and we therefore maintain our focus on sustainability and a continued desire to run the Company with an environmental priority.

Events after the balance sheet date
The spread of COVID-19 throughout the world can potentially have an influence on the business for Sentia Denmark A/S in 2020. Year to date, the spread of COVID-19 has not to a material extent impacted Sentia Denmark A/S, however at this time it is not possible to predict the influence in the rest of 2020. As the potential impact is unknown at this time, this has not been included when setting the expectations for earnings in 2020.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		**200,994,274**	**143,200,680**
Staff costs	2	(124,787,795)	(85,542,435)
Depreciation, amortisation and impairment losses	3	(53,966,837)	(38,537,403)
Operating profit/loss		**22,239,642**	**19,120,842**
Other financial income	4	92,577	497,834
Other financial expenses	5	(1,673,375)	(2,999,643)
Profit/loss before tax		**20,658,844**	**16,619,033**
Tax on profit/loss for the year	6	(4,575,742)	(3,884,682)
Profit/loss for the year	7	**16,083,102**	**12,734,351**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	9	6,745,725	8,125,799
Acquired intangible assets		698,875	1,423,774
Acquired rights		919,000	1,163,999
Goodwill		17,434,338	22,876,870
Intangible assets	8	**25,797,938**	**33,590,442**
Land and buildings		17,707,010	18,081,504
Other fixtures and fittings, tools and equipment		77,137,936	72,158,861
Leasehold improvements		894,094	705,877
Property, plant and equipment	10	**95,739,040**	**90,946,242**
Investments in group enterprises		791,495	791,495
Deposits		3,379,885	2,037,673
Other financial assets	11	**4,171,380**	**2,829,168**
Fixed assets		**125,708,358**	**127,365,852**
Manufactured goods and goods for resale		2,875	178,865
Inventories		**2,875**	**178,865**
Trade receivables		54,395,373	40,811,729
Receivables from group enterprises		2,505,406	936,144
Deferred tax	12	3,077,132	2,736,800
Other receivables		3,279,025	297,849
Prepayments	13	18,835,531	427,623
Receivables		**82,092,467**	**45,210,145**
Cash		**22,820,042**	**17,318,186**
Current assets		**104,915,384**	**62,707,196**
Assets		**230,623,742**	**190,073,048**

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		1,308,000	1,307,000
Revaluation reserve		9,025,836	9,437,852
Reserve for net revaluation according to the equity method		110,696	110,696
Reserve for development expenditure		4,938,488	2,665,155
Retained earnings		95,439,123	69,735,766
Equity		**110,822,143**	**83,256,469**
Mortgage debt		7,521,592	8,047,213
Finance lease liabilities		21,895,989	20,695,073
Other payables		4,235,303	0
Non-current liabilities other than provisions	14	**33,652,884**	**28,742,286**
Current portion of non-current liabilities other than provisions	14	15,097,739	15,170,268
Bank loans		229,747	105,141
Prepayments received from customers		7,830,635	6,027,132
Trade payables		35,531,652	27,546,530
Payables to group enterprises		5,659,902	13,398,204
Joint taxation contribution payable		4,635,942	5,829,811
Other payables	15	17,163,098	9,997,207
Current liabilities other than provisions		**86,148,715**	**78,074,293**
Liabilities other than provisions		**119,801,599**	**106,816,579**
Equity and liabilities		**230,623,742**	**190,073,048**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Group relations	20		

Statement of changes in equity for 2019

	Contributed capital DKK	Revaluation reserve DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	1,307,000	9,437,852	110,696	2,665,155	69,735,766
Effect of mergers and business combinations	1,000	0	0	0	11,481,572
Transfer to reserves	0	(412,016)	0	2,273,333	(1,861,317)
Profit/loss for the year	0	0	0	0	16,083,102
Equity end of year	**1,308,000**	**9,025,836**	**110,696**	**4,938,488**	**95,439,123**

	Total DKK
Equity beginning of year	83,256,469
Effect of mergers and business combinations	11,482,572
Transfer to reserves	0
Profit/loss for the year	16,083,102
Equity end of year	**110,822,143**

Notes

1 Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for Sentia Denmark A/S in 2020. Year to date, the spread of COVID-19 has not to a material extent impacted Sentia Denmark A/S, however at this time it is not possible to predict the influence in the rest of 2020. As the potential impact is unknown at this time, this has not been included when setting the expectations for earnings in 2020.

2 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	111,338,816	76,275,258
Pension costs	12,114,533	8,321,358
Other social security costs	1,334,446	945,819
	124,787,795	**85,542,435**

Average number of full-time employees	**186**	**125**

Referring to section 98b (3) of the Danish Financial Statements Act, management remuneration is not disclosed.

3 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	10,336,487	8,124,253
Depreciation of property, plant and equipment	43,643,359	30,365,845
Profit/loss from sale of intangible assets and property, plant and equipment	(13,009)	47,305
	53,966,837	**38,537,403**

4 Other financial income

	2019 DKK	2018 DKK
Financial income from group enterprises	0	419,352
Other interest income	92,577	78,482
	92,577	**497,834**

5 Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	0	972,962
Other interest expenses	1,673,375	2,026,681
	1,673,375	**2,999,643**

6 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	4,635,942	5,380,426
Change in deferred tax	(60,200)	(1,495,744)
	4,575,742	**3,884,682**

7 Proposed distribution of profit and loss

	2019 DKK	2018 DKK
Provision for distributions	0	1,080,000
Retained earnings	16,083,102	11,654,351
	16,083,102	**12,734,351**

8 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired rights DKK	Goodwill DKK
Cost beginning of year	15,581,095	1,423,774	1,409,000	46,633,721
Additions	2,543,982	0	0	0
Cost end of year	**18,125,077**	**1,423,774**	**1,409,000**	**46,633,721**
Amortisation and impairment losses beginning of year	(7,455,296)	0	(245,000)	(23,756,851)
Amortisation for the year	(3,924,056)	(724,899)	(245,000)	(5,442,532)
Amortisation and impairment losses end of year	**(11,379,352)**	**(724,899)**	**(490,000)**	**(29,199,383)**
Carrying amount end of year	**6,745,725**	**698,875**	**919,000**	**17,434,338**

9 Development projects

Completed development projects comprise both development of own systems for use in the operations of the Company, as well as the development of products and services with which the Company expects to generate additional revenues and where a future market and profit for the Company can be proven.

10 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	8,802,279	156,374,236	989,767
Addition through business combinations etc	0	31,984,270	1,053,265
Additions	50,000	22,565,267	277,109
Disposals	0	(1,045,534)	0
Cost end of year	**8,852,279**	**209,878,239**	**2,320,141**
Revaluations beginning of year	13,205,650	0	0
Revaluations end of year	**13,205,650**	**0**	**0**
Depreciation and impairment losses beginning of year	(3,926,425)	(84,215,375)	(283,890)
Addition through business combinations etc	0	(6,441,111)	(593,449)
Depreciation for the year	(424,494)	(42,670,158)	(548,708)
Reversal regarding disposals	0	586,341	0
Depreciation and impairment losses end of year	**(4,350,919)**	**(132,740,303)**	**(1,426,047)**
Carrying amount end of year	**17,707,010**	**77,137,936**	**894,094**
Recognised assets not owned by entity	0	43,613,818	0

Land and buildings, which are measured at fair value in accordance with the "first year return"-method, comprises one well-maintained headquarter property, including offices and a datacenter in Glostrup. The average price per square meter is calculated at DKK 685, which corresponds to the average prices per square meter in the area. The estimated first year return is calculated at DKK 1.367.000 corresponding to a return of 7,5%.

11 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	680,800	2,037,673
Addition through business combinations etc	0	640,594
Additions	0	741,633
Disposals	0	(40,015)
Cost end of year	**680,800**	**3,379,885**
Revaluations beginning of year	110,695	0
Revaluations end of year	**110,695**	**0**
Carrying amount end of year	**791,495**	**3,379,885**

Investments in subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
Plushost AB	Stockholm	AB	100
Solido Hosting S.A.R.L.	Luxembourg	S.A.R.L.	100

12 Deferred tax

	2019 DKK	**2018 DKK**
Intangible assets	(978,093)	(1,999,092)
Property, plant and equipment	2,917,814	3,598,481
Receivables	1,137,411	1,137,411
Deferred tax	**3,077,132**	**2,736,800**

Changes during the year	**2019 DKK**
Beginning of year	2,736,800
Recognised in the income statement	60,200
Recognised directly in assets due to merger	280,132
End of year	**3,077,132**

The Company's deferred tax asset relates to temporal differences between tax and accounting depreciation/impairment of assets. Taking into account possibilities on future utilization, the entire tax asset has been recognised,

13 Prepayments

Prepayments comprises invoiced and paid revenue for recognition in subsequent financial years.

14 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	**Due within 12 months 2018 DKK**	**Due after more than 12 months 2019 DKK**	**Outstanding after 5 years 2019 DKK**
Mortgage debt	530,000	0	7,521,592	4,952,100
Finance lease liabilities	14,567,739	15,170,268	21,895,989	0
Other payables	0	0	4,235,303	0
	15,097,739	**15,170,268**	**33,652,884**	**4,952,100**

15 Other payables

	2019 DKK	2018 DKK
VAT and duties	6,926,086	688,632
Wages and salaries, personal income taxes, social security costs, etc payable	2,278,836	334,432
Holiday pay obligation	7,928,383	8,775,945
Other costs payable	29,793	198,198
	17,163,098	**9,997,207**

16 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	**48,954,210**	**11,150,230**

17 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Sentia Denmark Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18 Assets charged and collateral

As security for third party debt a way of mortgage on properties totaling DKK 8,052k.

As security for third party debt a cloating charge totaling DKK 8,000k has been issued. The floating charge covers tangible and intangible assets as well as inventories and trade receivables.

19 Transactions with related parties

Only non arm's-length transactions with related parties are disclosed in the financial statements. Alle related party transactions carried out during the financial year have been made on arm's length bases.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Sentia Group B.V., Amsterdam-Duivendrecht, Netherland

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Sentia Denmark Holding A/S, Herlev, Denmark

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Consolidated financial statements
Referring to section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability
The company has participated in a merger of the group companies Sentia Denmark Services 6 A/S.

In accordance with the uniting-of-interest method the figures of comparison have not been amended.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Business combinations
Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of goods and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income
Other financial income comprises interest income, including
interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by

Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

Land and buildings are revaluated systematically and consistently to fair value based on the "first year return method". Positive revaluations are recognised on revaluation reserves in the equity. Deferred tax liabilities following revaluations are set of in the revaluation reserve in the equity.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of

assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in bank deposits.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable
Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement
Reffering to section 86 (4) of the Danish Financial Statements Act, no cash-flow statements have been prepared.