

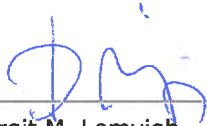
SimpleSite ApS

Toldbodgade 31, 3. tv.
1253 Copenhagen K
Central Business Registration
No 10079861

Annual report 2016

The Annual General Meeting adopted the annual report on 10.05.2017

Chairman of the General Meeting



Name: Birgit M. Lemvigh

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Entity details

Entity

SimpleSite ApS

Toldbodgade 31, 3. tv.

1253 Copenhagen K

Central Business Registration No: 10079861

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Henrik Richard Hasselbalch Busch, Chairman

Kaare Agerholm Danielsen

Morten Kenneth Elk

Jesper Genter Lohmann

Thomas Petersen

Executive Board

Morten Kenneth Elk

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SimpleSite ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

Copenhagen, 10.05.2017

Executive Board



Morten Kenneth Elk

Board of Directors

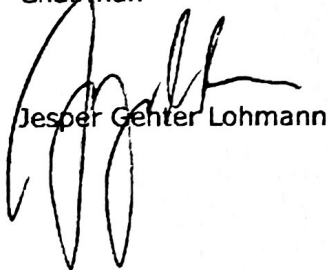
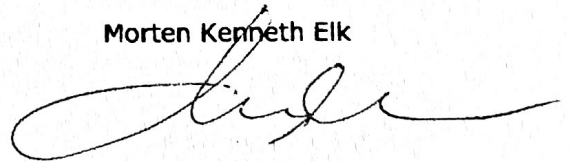


Henrik Richard Hasselbalch
Busch
Chairman



Kaare Agerholm Danielsen

Morten Kenneth Elk



Jesper Genter Lohmann



Thomas Petersen

Independent auditor's report

To the shareholders of SimpleSite ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of SimpleSite ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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 consolidated financial statements and the parent financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements and parent financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

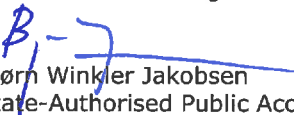
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 10.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556


Bjørn Winkler Jakobsen
State-Authorised Public Accountant


Henrik Hartmann Olesen
State-Authorised Public Accountant

Management commentary

Primary activities

The core activity of the Group is to develop and sell access to SimpleSite.com – a tool to create DIY websites which is delivered as a global SaaS solution (Software as a Service).

Development in activities and finances

The Group's revenue reached DKK 74.3 million in 2016 against DKK 61.3 million in 2015. The income statement for 2016 showed a profit after tax of DKK 1.8 million against a loss of DKK 3.2 million in 2015.

Outlook

Management expects a positive development for 2017 in terms of revenue, total number of customers as well as results.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Revenue		74.324.523	61.313.418
Other external expenses		(52.994.542)	(49.560.877)
Gross profit/loss		21.329.981	11.752.541
Staff costs	1	(15.688.444)	(13.245.028)
Depreciation, amortisation and impairment losses	2	(2.712.722)	(1.821.059)
Operating profit/loss		2.928.815	(3.313.546)
Other financial expenses		(673.836)	(917.086)
Profit/loss before tax		2.254.979	(4.230.632)
Tax on profit/loss for the year	3	(466.251)	1.011.762
Profit/loss for the year		1.788.728	(3.218.870)
Proposed distribution of profit/loss			
Retained earnings		1.788.728	(3.218.870)
		1.788.728	(3.218.870)

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Completed development projects		7.471.945	5.582.002
Development projects in progress		1.473.219	1.828.098
Intangible assets	4	8.945.164	7.410.100
Other fixtures and fittings, tools and equipment		21.128	47.435
Property, plant and equipment	5	21.128	47.435
Deposits		354.230	336.328
Fixed asset investments	6	354.230	336.328
Fixed assets		9.320.522	7.793.863
Trade receivables		3.547.091	2.449.255
Receivables from group enterprises		23.025	14.741
Other receivables		32.513	33.507
Income tax receivable		14.552	746.317
Prepayments		44.992	134.720
Receivables		3.662.173	3.378.540
Cash		5.297.682	3.545.797
Current assets		8.959.855	6.924.337
Assets		18.280.377	14.718.200

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		136.150	136.150
Retained earnings		1.912.480	123.752
Equity		2.048.630	259.902
Deferred tax	7	1.001.348	508.206
Provisions		1.001.348	508.206
Subordinate loan capital	8	3.000.000	3.000.000
Non-current liabilities other than provisions		3.000.000	3.000.000
Subordinate loan capital		800.000	0
Trade payables		4.638.185	5.820.844
Payables to group enterprises		171.918	204.718
Other payables		2.907.838	2.747.947
Deferred income		3.712.458	2.176.583
Current liabilities other than provisions		12.230.399	10.950.092
Liabilities other than provisions		15.230.399	13.950.092
Equity and liabilities		18.280.377	14.718.200
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Subsidiaries	11		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	136.150	123.752	259.902
Profit/loss for the year	0	1.788.728	1.788.728
Equity end of year	136.150	1.912.480	2.048.630

Notes to consolidated financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	13.790.165	12.111.541
Other social security costs	201.693	163.014
Other staff costs	1.696.586	970.473
	15.688.444	13.245.028
Average number of employees	31	26
	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.260.280	1.755.370
Impairment losses on intangible assets	409.433	0
Depreciation of property, plant and equipment	43.009	65.689
	2.712.722	1.821.059
	2016 DKK	2015 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	0	(758.656)
Change in deferred tax for the year	493.142	(152.278)
Adjustment concerning previous years	(12.339)	(100.828)
Refund in joint taxation arrangement	(14.552)	0
	466.251	(1.011.762)

Notes to consolidated financial statements

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	11.024.846	1.828.098
Transfers	1.828.098	(1.828.098)
Additions	2.731.558	1.473.219
Disposals	(696.514)	0
Cost end of year	14.887.988	1.473.219
Amortisation and impairment losses beginning of year	(5.442.844)	0
Impairment losses for the year	(409.433)	0
Amortisation for the year	(2.260.280)	0
Reversal regarding disposals	696.514	0
Amortisation and impairment losses end of year	(7.416.043)	0
Carrying amount end of year	7.471.945	1.473.219

Development projects in progress

The SimpleSite platform and related features are significant intangible assets. The cost price of development projects is derived from time spent by developers and Management expressed in cost of man hours and external development costs. On an ongoing basis, Management assesses the value of the assets. This assessment consists of a number of elements covering the future market potential and business case for SimpleSites future operations and growth expectations. The assessment of the value of the intangible assets resulted in a write-down of DKK 409 thousand. The core software has been reviewed for impairment but no need for write-downs has been identified.

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	434.248
Additions	16.702
Cost end of year	450.950
Depreciation and impairment losses beginning of the year	(386.813)
Depreciation for the year	(43.009)
Depreciation and impairment losses end of the year	(429.822)
Carrying amount end of year	21.128

Notes to consolidated financial statements

	Deposits DKK	
6. Fixed asset investments		
Cost beginning of year		336.328
Additions		17.902
Cost end of year		354.230
Carrying amount end of year		354.230
	2016 DKK	2015 DKK
7. Deferred tax		
Intangible assets	1.968.000	1.630.223
Property, plant and equipment	(31.000)	(33.032)
Tax losses carried forward	(935.652)	(1.088.985)
	1.001.348	508.206

8. Subordinate loan capital

As of 31 December 2016, shareholders have provided subordinate loan capital of DKK 3.8 million, of which DKK 800 thousand is presented as current liabilities, to increase growth and to finance the SimpleSite Group. The subordinate loans which are irredeemable from creditors carry interest on an ongoing basis.

	2016 DKK	2015 DKK
9. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	432.000	394.000

10. Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which M. Elk Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

In addition to the above, the Group is not incumbent on contingent liabilities.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
11. Subsidiaries					
123hjemmeside.no	Denmark	ApS	100,0	1.784.507	26.619
SimpleSite GM	Denmark	ApS	100,0	(10.332.840)	763.860
123hemsida.se	Denmark	ApS	100,0	331.813	100.643
123website.nl	Denmark	ApS	100,0	2.368	17.147
123kotisivu.fi	Denmark	ApS	100,0	(251.361)	6.902
123miweb.es	Denmark	ApS	100,0	(533.578)	3.606
123siteweb.fr	Denmark	ApS	100,0	(859.617)	13.203
123homepage.it	Denmark	ApS	100,0	(609.648)	3.003
123webseite.de	Denmark	ApS	100,0	(282.542)	1.813
123website SALB	Denmark	ApS	100,0	(2.661.502)	20.776
Sidanel betalingservice	Sweden	AB	100,0	79.119	0

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Revenue		30.275.523	18.587.994
Other external expenses		(10.150.807)	(8.037.858)
Gross profit/loss		20.124.716	10.550.136
Staff costs	1	(15.688.444)	(13.245.028)
Depreciation, amortisation and impairment losses	2	(2.712.722)	(1.821.059)
Operating profit/loss		1.723.550	(4.515.951)
Other financial expenses		(673.836)	(917.086)
Profit/loss before tax		1.049.714	(5.433.037)
Tax on profit/loss for the year	3	(218.558)	1.258.005
Profit/loss for the year		831.156	(4.175.032)
Proposed distribution of profit/loss			
Retained earnings		831.156	(4.175.032)
		831.156	(4.175.032)

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Completed development projects		7.471.945	5.582.002
Development projects in progress		1.473.219	1.828.098
Intangible assets	4	8.945.164	7.410.100
Other fixtures and fittings, tools and equipment		21.128	47.435
Property, plant and equipment	5	21.128	47.435
Investments in group enterprises		980.000	980.000
Deposits		354.230	336.328
Fixed asset investments	6	1.334.230	1.316.328
Fixed assets		10.300.522	8.773.863
Trade receivables		3.547.091	2.449.255
Receivables from group enterprises		13.221.818	15.418.235
Other receivables		32.513	33.507
Income tax receivable		121.263	759.684
Prepayments		44.992	134.720
Receivables		16.967.677	18.795.401
Cash		5.218.563	3.515.859
Current assets		22.186.240	22.311.260
Assets		32.486.762	31.085.123

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK</u>
Contributed capital		136.150	136.150
Reserve for development expenditure		2.096.180	0
Retained earnings		14.208.700	15.473.724
Equity		16.441.030	15.609.874
Deferred tax	7	1.092.000	739.840
Provisions		1.092.000	739.840
Subordinate loan capital	8	3.000.000	3.000.000
Non-current liabilities other than provisions		3.000.000	3.000.000
Subordinate loan capital		800.000	0
Trade payables		4.638.185	5.820.844
Payables to group enterprises		3.003.151	2.690.406
Other payables		2.907.838	2.747.947
Deferred income		604.558	476.212
Current liabilities other than provisions		11.953.732	11.735.409
Liabilities other than provisions		14.953.732	14.735.409
Equity and liabilities		32.486.762	31.085.123
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	136.150	0	15.473.724	15.609.874
Profit/loss for the year	0	2.096.180	(1.265.024)	831.156
Equity end of year	136.150	2.096.180	14.208.700	16.441.030

Notes to parent financial statements

	2016	2015
	DKK	DKK
1. Staff costs		
Wages and salaries	13.790.165	12.111.541
Other social security costs	201.693	163.014
Other staff costs	1.696.586	970.473
	15.688.444	13.245.028
Average number of employees	31	26
	2016	2015
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.260.280	1.755.370
Impairment losses on intangible assets	409.433	0
Depreciation of property, plant and equipment	43.009	65.689
	2.712.722	1.821.059
	2016	2015
	DKK	DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	0	(772.023)
Change in deferred tax for the year	352.160	(481.062)
Adjustment concerning previous years	(12.339)	(4.920)
Refund in joint taxation arrangement	(121.263)	0
	218.558	(1.258.005)

Notes to parent financial statements

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	11.024.846	1.828.098
Transfers	1.828.098	(1.828.098)
Additions	2.731.558	1.473.219
Disposals	(696.514)	0
Cost end of year	14.887.988	1.473.219
Amortisation and impairment losses beginning of year	(5.442.844)	0
Impairment losses for the year	(409.433)	0
Amortisation for the year	(2.260.280)	0
Reversal regarding disposals	696.514	0
Amortisation and impairment losses end of year	(7.416.043)	0
Carrying amount end of year	7.471.945	1.473.219

Development projects in progress

The SimpleSite platform and related features are significant intangible assets. The cost price of development projects is derived from time spent by developers and Management expressed in cost of man hours and external development costs. On an ongoing basis, Management assesses the value of the assets. This assessment consists of a number of elements covering the future market potential and business case for SimpleSites future operations and growth expectations. The assessment of the value of the intangible assets resulted in a write-down of DKK 409 thousand. The core software has been reviewed for impairment but no need for write-downs has been identified.

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK	
5. Property, plant and equipment		
Cost beginning of year		434.248
Additions		16.702
Cost end of year		450.950
Depreciation and impairment losses beginning of the year		(386.813)
Depreciation for the year		(43.009)
Depreciation and impairment losses end of the year		(429.822)
Carrying amount end of year		21.128
	Investments in group enterprises DKK	Deposits DKK
6. Fixed asset investments		
Cost beginning of year	980.000	336.328
Additions	0	17.902
Cost end of year	980.000	354.230
Carrying amount end of year	980.000	354.230

Investments in group enterprises

When entering into new markets, it usually takes the Group approx. one to three years to become established. During this period, the Group invests in a subscription customer base via marketing costs and income from the investment is thus regained.

The investments in group entities are recognised in the Parent at cost and therefore, the results and equity of the Parent does not reflect the results of the Group enterprises.

Specification of investments in subsidiaries appears from the notes to the consolidated financial statements.

Notes to parent financial statements

	2016 DKK	2015 DKK
7. Deferred tax		
Intangible assets	1.968.000	1.630.223
Property, plant and equipment	(31.000)	(33.032)
Liabilities other than provisions	(845.000)	(857.351)
	1.092.000	739.840

8. Subordinate loan capital

As of 31 December 2016, shareholders have provided subordinate loan capital of DKK 3.8 million, of which DKK 800 thousand is presented as current liabilities, to increase growth and to finance the SimpleSite Group. The subordinate loans which are irredeemable from creditors carry interest on an ongoing basis.

	2016 DKK	2015 DKK
9. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	432.000	394.000

10. Contingent liabilities

The Entity has issued a letter of support to all of the Group's subsidiaries by which the Parent is irrevocably obligated to support the entities in fulfilling all obligations until 1 June 2018.

The Entity participates in a Danish joint taxation arrangement in which M. Elk 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 from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

In addition to the above, the Entity is not incumbent on any contingent liabilities.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Revenue

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.

An amount equaling the expenses required to perform the remaining services is allocated to the part of the subscription income that relates to future periods.

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 as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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 Parent is jointly taxed with all Danish subsidiaries and other consolidated Danish entities. 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).

Accounting policies

Balance sheet

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 is taken to equity under Reserve for development expenditure which 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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 5 years.

Property, plant and equipment

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

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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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Investments in group enterprises

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

Receivables

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

Accounting policies

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.