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GateHouse Holding A/S

Strømmen 6
9400 Nørresundby
Central Business Registration
No 12948700

Annual report 01.10.2017 - 30.09.2018

The Annual General Meeting adopted the annual report on 05.02.2019

Chairman of the General Meeting

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Name: Jakob Axel Nielsen

Contents

Entity details

Entity
GateHouse Holding A/S
Strømmen 6
9400 Nørresundby

Central Business Registration No (CVR): 12948700
Registered in: Aalborg
Financial year: 01.10.2017 - 30.09.2018

Board of Directors
Jakob Axel Nielsen, Chairman
Nina Christiane Movin, Vice Chairman
Heine Blach Jensen
Denis Jean Jørgen Viet-Jacobsen
Frank Winther
Mads Peter Lübeck

Executive Board
Michael Bondo Andersen, CEO
Anette Kristensen, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of GateHouse Holding A/S for the financial year 01.10.2017 - 30.09.2018.

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 30.09.2018 and of the results of its operations and cash flows for the financial year 01.10.2017 - 30.09.2018.

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.

Aalborg, 12.12.2018

Executive Board

Michael Bondo Andersen CEO	Anette Kristensen CFO

Board of Directors

Jakob Axel Nielsen Chairman	Nina Christiane Movin Vice Chairman	Heine Blach Jensen
Denis Jean Jørgen Viet-Jacobsen	Frank Winther	Mads Peter Lübeck

Independent auditor's report

To the shareholders of GateHouse Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of GateHouse Holding A/S for the financial year 01.10.2017 - 30.09.2018, 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, and the consolidated cash flow statement. 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 30.09.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2017 - 30.09.2018 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 Parent'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

Independent auditor's report

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 these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Parent’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 Parent’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.

Aalborg, 12.12.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification No (MNE) mne11671

Management commentary

	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000
Financial highlights					
Key figures					
Gross profit	38,327	50,235	34,920	32,852	37,659
Operating profit/loss	(9,990)	10,291	3,163	1,077	1,612
Net financials	(221)	(199)	87	250	80
Profit/loss for the year	(8,533)	7,923	2,526	1,029	1,308
Total assets	38,129	48,248	36,279	36,587	36,255
Investments in property, plant and equipment	451	522	-	9	515
Equity	17,004	27,233	21,148	24,610	23,432
Ratios					
Return on equity (%)	(38.6)	32.8	11.0	4.3	5.7
Equity ratio (%)	44.6	56.4	58.3	67.3	64.6

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

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group's object and activity are to develop technical software for satellite and telecommunications purposes and to provide software tracking solutions and surveillance technologies based on the maritime market and for the transport industry and other markets.

Development in activities and finances

2017/18 has been a year with massive investments of financial and human resources in future growth preparing a Group company for sale. Investments were made for increase of capitalized intangible assets consisting of development projects, increase of organization and increase of customer- and partnerfocus. Influence on operations and the year profit has been substantial as planned and expected. The Group has realized a net loss of DKK 8,533 k in 2017/18.

In 2016/17 the Group realized a net profit of DKK 7,923 k. The major deviation in the level of activities for 2016/17 compared to 2017/18 and other years is due to one large order in 2016/17 and increased investments in future growth in 2017/18.

At 30 September 2018, equity amounts to DKK 17,004 k and the solvency ratio stands at 44.6%.

Throughout the fiscal year, the Group has capitalized its development investments within its suite of DaaS and SaaS product and service offerings.

Events after the balance sheet date

After the balance sheet date, there has been divested activity. GateHouse Logistics A/S has been sold out of the Group. The sale of GateHouse Logistics A/S results in a substantial profit for the year to come.

Consolidated income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Gross profit		**38,327**	**50,235**
Staff costs	1	(47,419)	(39,881)
Depreciation, amortisation and impairment losses	2	(898)	(63)
Operating profit/loss		**(9,990)**	**10,291**
Other financial income		58	66
Other financial expenses		(279)	(265)
Profit/loss before tax		**(10,211)**	**10,092**
Tax on profit/loss for the year	3	1,678	(2,169)
Profit/loss for the year		**(8,533)**	**7,923**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		4,000	4,000
Retained earnings		(10,377)	4,965
Minority interests' share of profit/loss		(2,156)	(1,042)
		(8,533)	**7,923**

Consolidated balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Completed development projects		6,892	0
Development projects in progress		6,015	5,000
Intangible assets	4	**12,907**	**5,000**
Other fixtures and fittings, tools and equipment		735	398
Leasehold improvements		27	68
Property, plant and equipment	5	**762**	**466**
Deposits		650	590
Other receivables		1,648	1,600
Fixed asset investments	6	**2,298**	**2,190**
Fixed assets		**15,967**	**7,656**
Trade receivables		8,929	8,409
Contract work in progress	7	54	0
Deferred tax		216	0
Other receivables		151	586
Income tax receivable		107	0
Prepayments		393	89
Receivables		**9,850**	**9,084**
Cash		**12,312**	**31,508**
Current assets		**22,162**	**40,592**
Assets		**38,129**	**48,248**

Consolidated balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		1,300	1,300
Retained earnings		11,579	20,852
Proposed dividend		4,000	4,000
Equity attributable to the Parent's owners		**16,879**	**26,152**
Share of equity attributable to minority interests		**125**	**1,081**
Equity		**17,004**	**27,233**
Deferred tax		0	1,525
Provisions		**0**	**1,525**
Joint taxation contribution payable		0	710
Non-current liabilities other than provisions		**0**	**710**
Bank loans		1,134	0
Prepayments received from customers		6,088	7,667
Contract work in progress	7	1,525	1,749
Trade payables		4,640	2,674
Other payables		7,738	6,690
Current liabilities other than provisions		**21,125**	**18,780**
Liabilities other than provisions		**21,125**	**19,490**
Equity and liabilities		**38,129**	**48,248**
Financial instruments	9		
Unrecognised rental and lease commitments	10		
Subsidiaries	11		

Consolidated statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	1,300	20,851	4,000	1,081
Increase of capital	0	0	0	1,200
Dividends from treasury shares	0	10	0	0
Sale of treasury shares	0	1,233	0	0
Ordinary dividend paid	0	0	(4,000)	0
Value adjustments	0	(177)	0	0
Tax of entries on equity	0	39	0	0
Profit/loss for the year	0	(10,377)	4,000	(2,156)
Equity end of year	**1,300**	**11,579**	**4,000**	**125**

	Total DKK'000
Equity beginning of year	27,232
Increase of capital	1,200
Dividends from treasury shares	10
Sale of treasury shares	1,233
Ordinary dividend paid	(4,000)
Value adjustments	(177)
Tax of entries on equity	39
Profit/loss for the year	(8,533)
Equity end of year	**17,004**

Consolidated cash flow statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Operating profit/loss		(9,990)	10,291
Amortisation, depreciation and impairment losses		898	63
Working capital changes	8	590	8,876
Profit on sale to minority shareholders		0	(1,078)
Cash flow from ordinary operating activities		**(8,502)**	**18,152**
Financial income received		58	66
Financial expenses paid		(279)	(265)
Income taxes refunded/(paid)		(841)	(764)
Cash flows from operating activities		**(9,564)**	**17,189**
Acquisition etc of intangible assets		(8,650)	(4,200)
Acquisition etc of property, plant and equipment		(451)	(522)
Sale of property, plant and equipment		0	141
Acquisition of fixed asset investments		(108)	(1,670)
Sale of fixed asset investments		0	1,180
Disposal of enterprises		1,200	3,200
Cash flows from investing activities		**(8,009)**	**(1,871)**
Dividend paid		(3,990)	(3,937)
Sale of treasury shares		1,233	0
Cash flows from financing activities		**(2,757)**	**(3,937)**
Increase/decrease in cash and cash equivalents		**(20,330)**	**11,381**
Cash and cash equivalents beginning of year		31,508	20,127
Cash and cash equivalents end of year		**11,178**	**31,508**
Cash and cash equivalents at year-end are composed of:			
Cash		12,312	31,508
Short-term debt to banks		(1,134)	0
Cash and cash equivalents end of year		**11,178**	**31,508**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	40,596	33,984
Pension costs	5,032	3,772
Other social security costs	212	194
Other staff costs	1,579	1,931
	47,419	**39,881**
Average number of employees	**70**	

	2017/18 DKK'000	2016/17 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	743	0
Depreciation of property, plant and equipment	155	197
Profit/loss from sale of intangible assets and property, plant and equipment	0	(134)
	898	**63**

	2017/18 DKK'000	2016/17 DKK'000
3. Tax on profit/loss for the year		
Current tax	24	879
Change in deferred tax	(1,702)	1,290
	(1,678)	**2,169**

	Completed develop-ment projects DKK'000	Develop-ment projects in progress DKK'000
4. Intangible assets		
Cost beginning of year	39,449	5,000
Transfers	7,635	(7,635)
Additions	0	8,650
Cost end of year	**47,084**	**6,015**
Amortisation and impairment losses beginning of year	(39,449)	0
Amortisation for the year	(743)	0
Amortisation and impairment losses end of year	**(40,192)**	**0**
Carrying amount end of year	**6,892**	**6,015**

Notes to consolidated financial statements

Development projects

Development projects in progress cover development and deployment of GateHouse Logistics latest tracking platform. The focus of the platform is around aggration and improved operations in order to service our customers.

Direct and indirect development costs incurred have been capitalised.

Management believes that growth in revenue from tracking services can be based on this platform. Future profits are estimated to be able to absorb depreciation of the development asset and produce a profit after depreciation.

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
5. Property, plant and equipment		
Cost beginning of year	1,048	221
Additions	432	19
Cost end of year	**1,480**	**240**
Depreciation and impairment losses beginning of year	(650)	(153)
Depreciation for the year	(95)	(60)
Depreciation and impairment losses end of year	**(745)**	**(213)**
Carrying amount end of year	**735**	**27**

	Deposits DKK'000	Other receivables DKK'000
6. Fixed asset investments		
Cost beginning of year	590	1,600
Additions	60	48
Cost end of year	**650**	**1,648**
Carrying amount end of year	**650**	**1,648**

	2017/18 DKK'000	2016/17 DKK'000
7. Contract work in progress		
Contract work in progress	1,771	5,393
Progress billings regarding contract work in progress	(3,242)	(7,142)
Transferred to liabilities other than provisions	1,525	1,749
	54	**0**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
8. Change in working capital		
Increase/decrease in receivables	(443)	4,370
Increase/decrease in trade payables etc	1,033	4,506
	590	**8,876**

9. Financial instruments

At the balance sheet date, the Company has signed three forward contracts with its banker for the sale of USD and three forward contracts with its banker for the sale of CAD. The forward contracts have been concluded to hedge the current payments on sales contracts signed.

At 30 September 2018, the total hedge amounts USD 282k (DKK 1,753K) and CAD 490k (DKK 2.299k) will expire on latest 12 August 2020. At the balance sheet date, under other payables, there is an unrealised exchange loss of DKK 177k. The fair value adjustment is recognized in equity.

	2017/18 DKK'000	2016/17 DKK'000
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1,374**	**1,549**

	Registered in	Corpo-rate form	Equity inte-rest %
11. Subsidiaries			
GateHouse Telecom A/S	Aalborg	A/S	100.0
GateHouse Maritime A/S	Aalborg	A/S	100.0
GateHouse Logistics A/S	Aalborg	A/S	80.0
GateHouse USA Corp.	Delaware, USA	Corp.	100.0

Parent income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Gross loss		**(440)**	**(321)**
Income from investments in group enterprises		(5,871)	9,371
Other financial income	1	48	12
Other financial expenses	2	(138)	(127)
Profit/loss before tax		**(6,401)**	**8,935**
Tax on profit/loss for the year	3	24	30
Profit/loss for the year		**(6,377)**	**8,965**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		4,000	4,000
Transferred to reserve for net revaluation according to the equity method		0	9,371
Retained earnings		(10,377)	(4,406)
		(6,377)	**8,965**

Parent balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Investments in group enterprises		21,174	34,383
Other receivables		1,648	1,600
Fixed asset investments	4	**22,822**	**35,983**
Fixed assets		**22,822**	**35,983**
Deferred tax		24	0
Other receivables		12	312
Joint taxation contribution receivable		0	30
Receivables		**36**	**342**
Cash		**29**	**39**
Current assets		**65**	**381**
Assets		**22,887**	**36,364**

Parent balance sheet at 30.09.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital	5	1,300	1,300
Reserve for net revaluation according to the equity method		1,161	12,770
Retained earnings		10,418	8,081
Proposed dividend		4,000	4,000
Equity		**16,879**	**26,151**
Trade payables		20	22
Payables to group enterprises		5,988	10,191
Current liabilities other than provisions		**6,008**	**10,213**
Liabilities other than provisions		**6,008**	**10,213**
Equity and liabilities		**22,887**	**36,364**
Contingent liabilities	6		
Assets charged and collateral	7		

Parent statement of changes in equity for 2017/18

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	1,300	12,770	8,081	4,000
Dividends from treasury shares	0	0	10	0
Sale of treasury shares	0	0	1,233	0
Ordinary dividend paid	0	0	0	(4,000)
Value adjustments	0	(138)	0	0
Dividends from group enterprises	0	(5,600)	5,600	0
Profit/loss for the year	0	(5,871)	(4,506)	4,000
Equity end of year	**1,300**	**1,161**	**10,418**	**4,000**

	Total DKK'000
Equity beginning of year	26,151
Dividends from treasury shares	10
Sale of treasury shares	1,233
Ordinary dividend paid	(4,000)
Value adjustments	(138)
Dividends from group enterprises	0
Profit/loss for the year	(6,377)
Equity end of year	**16,879**

Notes to parent financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Other financial income		
Other interest income	48	12
	48	**12**

	2017/18 DKK'000	2016/17 DKK'000
2. Other financial expenses		
Financial expenses from group enterprises	137	124
Other interest expenses	1	3
	138	**127**

	2017/18 DKK'000	2016/17 DKK'000
3. Tax on profit/loss for the year		
Current tax	0	(30)
Change in deferred tax	(24)	0
	(24)	**(30)**

	Invest-ments in group enterprises DKK'000	Other receivables DKK'000
4. Fixed asset investments		
Cost beginning of year	9,613	1,600
Additions	4,800	48
Cost end of year	**14,413**	**1,648**
Revaluations beginning of year	24,770	0
Share of profit/loss for the year	(5,871)	0
Dividend	(12,000)	0
Fair value adjustments	(138)	0
Revaluations end of year	**6,761**	**0**
Carrying amount end of year	**21,174**	**1,648**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	Number	Nominal value DKK'000	Share of contributed capital %	Purchase/(selling) price DKK'000
5. Treasury shares				
Investments disposed of:				
Ordinary Shares	21	21	1.6	1,233
	21	**21**	**1.6**	

In order to maintain key employees and minority shareholders, Gatehouse Holding A/S has in 2017/18 sold treasury shares.

6. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

7. Assets charged and collateral

The company acts as a guarantor for GateHouse Telecom A/S's bank engagement. The bank debt in GateHouse Telecom A/S constitutes 0k.

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.

Changes in accounting estimates

Pre-tax loss for the year and assets are positively affected by DKK 329k following the change in estimate of the useful life of completed development projects and thus a change in the amortisation period from 5 to 8 years. Net loss for the year and equity are positively affected by DKK 257k.

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. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, other operating income and external expenses.

Revenue
Revenue from sales of software products, software as a service (SaaS), data as a service (DaaS) and advisory services is recognised in the income statement when delivery and the risk transition to the buyer has taken place. Revenue from sales of support and maintenance is recognised in the income statement over the support and maintenance period. Royalty income is recognised in profit or loss over the period to which royalties relate. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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.

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.

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

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Accounting policies

Other financial income
Other financial income comprises, including interest income on receivables from group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

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.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress.

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.

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 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5-8 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.

Accounting policies

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
Leasehold improvements	5 years

For leasehold improvements 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
In the parent financial statements, 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.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises 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 under equity.

Investments in group enterprises 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.

Contract work in progress
Contract work in progress is measured at the selling price of the performed work. The selling price is measured based on the stage of completion at the balance sheet date and the total estimated income from the individual contract work in progress. Total estimated income includes the capitalised value of contractual amounts falling due after one year. The Company's financing interest rate at the balance sheet date is used as capitalisation factor.

Usually, the stage of completion is determined as the ratio between actual and total budgeted consumption of resources.

If the selling price of a construction contract cannot be made up reliably, it is measured at the lower of costs

Accounting policies

incurred, including IPO charge, and net realisable value.

When total expenses are likely to exceed total income from contract work in progress, the total estimated loss is provided for on the contract.

Prepayments are set off against contract work in progres.

The market value of foreign claims is calculated at the market price at the balance sheet date or at the hedged foreign exchange rate.

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 or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

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.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

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.

Accounting policies

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 receivable or payable
Current joint taxation contributions receivable or joint taxation payable is 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
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.