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GateHouse Holding A/S

Strømmen 6
9400 Nørresundby
Central Business Registration
No 12948700

Annual report 01.10.2016 - 30.09.2017

The Annual General Meeting adopted the annual report on 01.02.2018

Chairman of the General Meeting

Name: Jakob Axel Nielsen

Contents

Entity details

Entity
GateHouse Holding A/S
Strømmen 6
9400 Nørresundby

Central Business Registration No: 12948700
Registered in: Aalborg
Financial year: 01.10.2016 - 30.09.2017

Board of Directors
Jakob Axel Nielsen, Chairman
Ulrik Bülow, Vice Chairman
Nina Christiane Movin
Jesper Brøckner Nielsen
Heine Blach Jensen
Frank Winther

Executive Board
Michael Bondo Andersen, CEO
Anette Kristensen, CFO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

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 01.10.2016 - 30.09.2017.

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 30.09.2017 and of the results of its operations and cash flows for the financial year 01.10.2016 - 30.09.2017.

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, 29.11.2017

Executive Board

Michael Bondo Andersen
CEO

Anette Kristensen
CFO

Board of Directors

Jakob Axel Nielsen
Chairman

Ulrik Bülow
Vice Chairman

Nina Christiane Movin

Jesper Brøckner Nielsen

Heine Blach Jensen

Frank Winther

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 01.10.2016 - 30.09.2017, 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 31.12.2016, and of the results of their operations and the consolidated cash flows 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

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 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 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.

Aalborg, 29.11.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification number (MNE) 11671

Management commentary

	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000	2012/13 DKK'000
Financial highlights					
Key figures					
Gross profit	50,235	34,920	32,852	37,659	41,168
Operating profit/loss	10,291	3,163	1,077	1,612	4,728
Net financials	(199)	87	250	80	(135)
Profit/loss for the year	7,923	2,526	1,029	1,308	3,453
Total assets	48,248	36,279	36,587	36,255	36,484
Investments in property, plant and equipment	522	0	9	515	345
Equity incl minority interests	27,233	21,148	24,610	23,432	22,183
Ratios					
Return on equity (%)	32.8	11.0	4.3	5.7	13.6
Equity ratio (%)	56.4	58.3	67.3	64.6	60.8

Financial highlights are defined and calculated as:

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests x 100}}{\text{Total assets}}$	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
The Group has realised a net profit of DKK 7,923k. The total cash flow contributed is positive by DKK 11,381k. On the threshold of 2017/18, the Group's financial resources remain strong.

At 30 September 2017, equity totals DKK 27,233k and the solvency ratio stands at 56.4%.

The profit presented is much better than that forecasted for 2016/17 and is therefore considered very satisfactory.

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 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross profit		**50,235**	**34,920**
Staff costs	1	(39,881)	(31,513)
Depreciation, amortisation and impairment losses	2	(63)	(244)
Operating profit/loss		**10,291**	**3,163**
Other financial income		66	198
Other financial expenses		(265)	(111)
Profit/loss before tax		**10,092**	**3,250**
Tax on profit/loss for the year	3	(2,169)	(724)
Profit/loss for the year		**7,923**	**2,526**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		4,000	4,000
Extraordinary dividend distributed in the financial year		0	6,000
Retained earnings		4,965	(7,474)
Minority interests' share of profit/loss		(1,042)	0
		7,923	**2,526**

Consolidated balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Completed development projects		0	0
Development projects in progress		5,000	800
Intangible assets	4	**5,000**	**800**
Other fixtures and fittings, tools and equipment		398	79
Leasehold improvements		68	69
Property, plant and equipment	5	**466**	**148**
Investments in associates		0	1,180
Deposits		590	520
Other receivables		1,600	0
Fixed asset investments	6	**2,190**	**1,700**
Fixed assets		**7,656**	**2,648**
Trade receivables		8,409	11,697
Contract work in progress	7	0	902
Receivables from associates		0	240
Other receivables		586	334
Prepayments		89	331
Receivables		**9,084**	**13,504**
Cash		**31,508**	**20,127**
Current assets		**40,592**	**33,631**
Assets		**48,248**	**36,279**

Consolidated balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital		1,300	1,300
Retained earnings		20,852	15,848
Proposed dividend		4,000	4,000
Equity attributable to the Parent's owners		**26,152**	**21,148**
Share of equity attributable to minority interests		**1,081**	**0**
Equity		**27,233**	**21,148**
Deferred tax		1,525	243
Provisions		**1,525**	**243**
Income tax payable		0	595
Joint taxation contribution payable		710	0
Non-current liabilities other than provisions		**710**	**595**
Prepayments received from customers		7,667	4,067
Contract work in progress	7	1,749	2,174
Trade payables		2,674	2,115
Other payables		6,690	5,937
Current liabilities other than provisions		**18,780**	**14,293**
Liabilities other than provisions		**19,490**	**14,888**
Equity and liabilities		**48,248**	**36,279**
Financial instruments	9		
Unrecognised rental and lease commitments	10		
Subsidiaries	11		

Consolidated statement of changes in equity for 2016/17

	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	15,848	4,000	0
Effect of mergers and business combinations	0	0	0	(1,077)
Increase of capital	0	0	0	3,200
Dividends from treasury shares	0	63	0	0
Ordinary dividend paid	0	0	(4,000)	0
Value adjustments	0	(32)	0	0
Tax of entries on equity	0	8	0	0
Profit/loss for the year	0	4,965	4,000	(1,042)
Equity end of year	**1,300**	**20,852**	**4,000**	**1,081**

	Total DKK'000
Equity beginning of year	21,148
Effect of mergers and business combinations	(1,077)
Increase of capital	3,200
Dividends from treasury shares	63
Ordinary dividend paid	(4,000)
Value adjustments	(32)
Tax of entries on equity	8
Profit/loss for the year	7,923
Equity end of year	**27,233**

Consolidated cash flow statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Operating profit/loss		10,291	3,163
Amortisation, depreciation and impairment losses		63	244
Working capital changes	8	8,876	825
Profit on sale to minority shareholders		(1,078)	0
Cash flow from ordinary operating activities		**18,152**	**4,232**
Financial income received		66	198
Financial income paid		(265)	(111)
Income taxes refunded/(paid)		(764)	(1,004)
Cash flows from operating activities		**17,189**	**3,315**
Acquisition etc of intangible assets		(4,200)	(800)
Acquisition etc of property, plant and equipment		(522)	0
Sale of property, plant and equipment		141	0
Acquisition of fixed asset investments		(1,670)	(46)
Sale of fixed asset investments		1,180	0
Disposal of enterprises		3,200	0
Cash flows from investing activities		**(1,871)**	**(846)**
Dividend paid		(3,937)	(5,905)
Other cash flows from financing activities		0	(119)
Cash flows from financing activities		**(3,937)**	**(6,024)**
Increase/decrease in cash and cash equivalents		**11,381**	**(3,555)**
Cash and cash equivalents beginning of year		20,127	23,682
Cash and cash equivalents end of year		**31,508**	**20,127**

Notes to consolidated financial statements

	2016/17 DKK'000	2015/16 DKK'000
1. Staff costs		
Wages and salaries	33,984	27,416
Pension costs	3,772	3,409
Other social security costs	194	131
Other staff costs	1,931	1,357
Staff costs classified as assets	0	(800)
	39,881	**31,513**
Average number of employees	**56**	

	2016/17 DKK'000	2015/16 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	197	244
Profit/loss from sale of intangible assets and property, plant and equipment	(134)	0
	63	**244**

	2016/17 DKK'000	2015/16 DKK'000
3. Tax on profit/loss for the year		
Current tax	879	705
Change in deferred tax	1,290	19
	2,169	**724**

	Completed develop-ment projects DKK'000	Develop-ment projects in progress DKK'000
4. Intangible assets		
Cost beginning of year	39,449	800
Additions	0	4,200
Cost end of year	**39,449**	**5,000**
Amortisation and impairment losses beginning of year	(39,449)	0
Amortisation and impairment losses end of year	**(39,449)**	**0**
Carrying amount end of year	**0**	**5,000**

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. Elements of the platform are ready to be put into service at the beginning of the next financial year.

Direct 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	917	175
Additions	476	46
Disposals	(345)	0
Cost end of year	**1,048**	**221**
Depreciation and impairment losses beginning of year	(838)	(106)
Depreciation for the year	(150)	(47)
Reversal regarding disposals	338	0
Depreciation and impairment losses end of year	**(650)**	**(153)**
Carrying amount end of year	**398**	**68**

	Investments in associates DKK'000	Deposits DKK'000	Other receivables DKK'000
6. Fixed asset investments			
Cost beginning of year	1,180	520	0
Additions	0	70	1,600
Disposals	(1,180)	0	0
Cost end of year	**0**	**590**	**1,600**
Carrying amount end of year	**0**	**590**	**1,600**

Notes to consolidated financial statements

	2016/17 DKK'000	**2015/16 DKK'000**
7. Contract work in progress		
Contract work in progress	5,393	4,130
Progress billings regarding contract work in progress	(7,142)	(5,402)
Transferred to liabilities other than provisions	1,749	2,174
	0	**902**

	2016/17 DKK'000	**2015/16 DKK'000**
8. Change in working capital		
Increase/decrease in receivables	4,370	(2,759)
Increase/decrease in trade payables etc	4,506	3,584
	8,876	**825**

9. Financial instruments

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

At 30 September 2017, the total hedge amounts to USD 127,450k to expire on 17 November 2017 and CAD 90,300k to expire on 20 December 2017. There is an unrealised exchange gain of DKK 11k at the balance sheet date.

	2016/17 DKK'000	**2015/16 DKK'000**
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1,549**	**2,436**

11. Subsidiaries

GateHouse Telecom A/S, Aalborg, 100%

GateHouse Maritime A/S, Aalborg, 100%

GateHouse Logistics A/S, Aalborg 80%

GateHouse USA Corp., Delaware, USA, 100%

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Gross loss		**(321)**	**(9)**
Income from investments in group enterprises		9,371	2,427
Other financial income	1	12	136
Other financial expenses	2	(127)	0
Profit/loss before tax		**8,935**	**2,554**
Tax on profit/loss for the year	3	30	(28)
Profit/loss for the year		**8,965**	**2,526**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		4,000	4,000
Extraordinary dividend distributed in the financial year		0	6,000
Transferred to reserve for net revaluation according to the equity method		9,371	2,427
Retained earnings		(4,406)	(9,901)
		8,965	**2,526**

Parent income statement for 2016/17

	Notes	2016/17 DKK'000	2015/16 DKK'000
Investments in group enterprises		34,383	18,236
Investments in associates		0	1,180
Other receivables		1,600	0
Fixed asset investments	4	**35,983**	**19,416**
Fixed assets		**35,983**	**19,416**
Receivables from group enterprises		0	1,532
Receivables from associates		0	240
Other receivables		312	0
Joint taxation contribution receivable		30	0
Receivables		**342**	**1,772**
Cash		**39**	**0**
Current assets		**381**	**1,772**
Assets		**36,364**	**21,188**

Parent balance sheet at 30.09.2017

	Notes	2016/17 DKK'000	2015/16 DKK'000
Contributed capital	5	1,300	1,300
Reserve for net revaluation according to the equity method		12,770	15,423
Retained earnings		8,082	425
Proposed dividend		4,000	4,000
Equity		**26,152**	**21,148**
Income tax payable		0	28
Non-current liabilities other than provisions		**0**	**28**
Trade payables		21	12
Payables to group enterprises		10,191	0
Current liabilities other than provisions		**10,212**	**12**
Liabilities other than provisions		**10,212**	**40**
Equity and liabilities		**36,364**	**21,188**
Contingent liabilities	6		
Assets charged and collateral	7		

Parent statement of changes in equity for 2016/17

	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	15,423	425	4,000
Dividends from treasury shares	0	0	63	0
Ordinary dividend paid	0	0	0	(4,000)
Value adjustments	0	(24)	0	0
Dividends from group enterprises	0	(12,000)	12,000	0
Profit/loss for the year	0	9,371	(4,406)	4,000
Equity end of year	**1,300**	**12,770**	**8,082**	**4,000**

	Total DKK'000
Equity beginning of year	21,148
Dividends from treasury shares	63
Ordinary dividend paid	(4,000)
Value adjustments	(24)
Dividends from group enterprises	0
Profit/loss for the year	8,965
Equity end of year	**26,152**

Notes to parent financial statements

1. Other financial income	2016/17 DKK'000	2015/16 DKK'000
Financial income arising from group enterprises	0	131
Other interest income	12	5
	12	**136**

2. Other financial expenses	2016/17 DKK'000	2015/16 DKK'000
Financial expenses from group enterprises	124	0
Other interest expenses	3	0
	127	**0**

3. Tax on profit/loss for the year	2016/17 DKK'000	2015/16 DKK'000
Current tax	(30)	28
	(30)	**28**

4. Fixed asset investments	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	813	1,180	0
Additions	8,800	0	1,600
Disposals	0	(1,180)	0
Cost end of year	**9,613**	**0**	**1,600**
Revaluations beginning of year	17,423	0	0
Share of profit/loss for the year	8,293	0	0
Dividend	(2,000)	0	0
Fair value adjustments	(24)	0	0
Reversal regarding disposals	1,078	0	0
Revaluations end of year	**24,770**	**0**	**0**
Carrying amount end of year	**34,383**	**0**	**1,600**

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 %
5. Treasury shares			
Holding of treasury shares:			
Ordinary shares	21	21	1.6
	21	**21**	**1.6**

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 Gate-House 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.

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.

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.

Accounting policies

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 in-house 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, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing 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 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 interest income, 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 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 amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-5 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:

Accounting policies

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 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
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.

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

Investments in associates
Investments in associates are measured at cost. Investments 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 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 progress.

Accounting policies

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

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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

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 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.

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.

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

Accounting policies

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.