

GateHouse Holding A/S

Strømmen 6
9400 Nørresundby
Central Business Registration
No 12948700

Annual report 01.10.2018 - 30.09.2019

The Annual General Meeting adopted the annual report on 04.02.2020

Chairman of the General Meeting

Name: Jakob Axel Nielsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2018/19	8
Consolidated balance sheet at 30.09.2019	9
Consolidated statement of changes in equity for 2018/19	11
Consolidated cash flow statement for 2018/19	12
Notes to consolidated financial statements	13
Parent income statement for 2018/19	16
Parent balance sheet at 30.09.2019	17
Parent statement of changes in equity for 2018/19	19
Notes to parent financial statements	20
Accounting policies	22

Entity details

Entity

GateHouse Holding A/S
Strømmen 6
9400 Nørresundby

Central Business Registration No (CVR): 12948700
Registered in: Aalborg
Financial year: 01.10.2018 - 30.09.2019

Board of Directors

Jakob Axel Nielsen, Chairman of the board
Nina Christiane Movin, Vice Chairman of the board
Frank Winther
Mads Peter Lübeck
Denis Jean Jørgen Viet-Jacobsen
Søren Bondo Andersen
Jørgen Brøndgaard Nielsen

Executive Board

Michael Bondo Andersen
Anette Kristensen

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 01.10.2018 - 30.09.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2019 and of the results of its operations and cash flows for the financial year 01.10.2018 - 30.09.2019.

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

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

Aalborg, 27.11.2019

Executive Board

Michael Bondo Andersen

Anette Kristensen

Board of Directors

Jakob Axel Nielsen
Chairman of the board

Nina Christiane Movin
Vice Chairman of the board

Frank Winther

Mads Peter Lübeck

Denis Jean Jørgen Viet-
Jacobsen

Søren Bondo Andersen

Jørgen Brøndgaard Nielsen

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 01.10.2018 - 30.09.2019, 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 s

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 30.09.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.10.2018 - 30.09.2019 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

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, 27.11.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Management commentary

	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000
Financial highlights					
Key figures					
Gross profit	132.203	38.327	50.235	34.920	32.852
Operating profit/loss	101.429	(9.990)	10.291	3.163	1.077
Net financials	(440)	(221)	(199)	87	250
Profit/loss for the year	99.893	(8.533)	7.923	2.526	1.029
Total assets	163.139	38.129	48.248	36.279	36.587
Investments in property, plant and equipment	825	451	522	-	9
Equity	112.926	17.004	27.233	21.148	24.610

Ratios

Return on equity (%)	153,8	(38,6)	32,8	11,0	4,3
Equity ratio (%)	69,2	44,6	56,4	58,3	67,3

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

Management commentary

Primary activities

GateHouse Group connects the world through intelligent software solutions.

Through our subsidiary GateHouse Telecom A/S we provide a range of market-leading software products and develop services to the satellite communication industry for commercial, governmental and military markets. With our subsidiary GateHouse Maritime A/S we provide flexible software solutions for tracking and surveillance to the maritime market and other markets.

GateHouse Group has created a new initiative with the concept name "Igniter". We want to support business within the Maritime and Satcom area, where GateHouse Group can participate and support new internal or external start-up's or small businesses, who want to redefine their business.

Development in activities and finances

The income statement of the Group for 2018/19 shows a significant profit of DKK 99,893k. At the end of September 2019 the balance sheet of the Group shows equity of DKK 112,926k and the solvency ratio stands at 69,2%. The result is considered very satisfactory.

An activity was divested during the first months of 2018/19, as the subsidiary GateHouse Logistics A/S was sold. Operating results from that company for two months of the year was recognized in the income statement. A substantial profit deriving from the sale of GateHouse Logistics A/S was recognized in gross profit in the consolidated income statement.

An Escrow account was established in connection to the sale of GateHouse Logistics A/S. Additional profit will be recognized during 2019/20, provided that guarantees and other conditions are fulfilled.

During 2018/19 the first investment in a startup company was made within our Igniter-program. More investments are expected in the years to come.

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 2018/19

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Gross profit	1	132.203	38.327
Staff costs	2	(30.197)	(47.419)
Depreciation, amortisation and impairment losses		(577)	(898)
Operating profit/loss		101.429	(9.990)
Other financial income		119	58
Other financial expenses		(559)	(279)
Profit/loss before tax		100.989	(10.211)
Tax on profit/loss for the year	3	(1.096)	1.678
Profit/loss for the year		99.893	(8.533)
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		10.000	4.000
Retained earnings		90.082	(10.377)
Minority interests' share of profit/loss		(189)	(2.156)
		99.893	(8.533)

Consolidated balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Completed development projects		0	6.892
Development projects in progress		0	6.015
Intangible assets	4	<u>0</u>	<u>12.907</u>
Other fixtures and fittings, tools and equipment		1.033	735
Leasehold improvements		0	27
Property, plant and equipment	5	<u>1.033</u>	<u>762</u>
Investments in associates		500	0
Other investments		71.554	0
Deposits		666	650
Other receivables		0	1.648
Fixed asset investments	6	<u>72.720</u>	<u>2.298</u>
Fixed assets		<u>73.753</u>	<u>15.967</u>
Trade receivables		4.413	8.929
Contract work in progress	7	201	54
Deferred tax		14	216
Other receivables		254	151
Income tax receivable		516	107
Prepayments		102	393
Receivables		<u>5.500</u>	<u>9.850</u>
Other investments		37.482	0
Other investments		<u>37.482</u>	<u>0</u>
Cash		<u>46.404</u>	<u>12.312</u>
Current assets		<u>89.386</u>	<u>22.162</u>
Assets		<u>163.139</u>	<u>38.129</u>

Consolidated balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Contributed capital		1.300	1.300
Retained earnings		101.626	11.579
Proposed dividend		10.000	4.000
Equity attributable to the Parent's owners		112.926	16.879
Share of equity attributable to minority interests		0	125
Equity		112.926	17.004
Deferred tax		663	0
Other provisions		600	600
Provisions		1.263	600
Bank loans		0	1.134
Prepayments received from customers		6.348	6.088
Contract work in progress	7	613	1.525
Trade payables		750	4.040
Other payables		13.813	7.738
Deferred income	8	27.426	0
Current liabilities other than provisions		48.950	20.525
Liabilities other than provisions		48.950	20.525
Equity and liabilities		163.139	38.129
Financial instruments	10		
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2018/19

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	1.300	11.581	4.000
Effect of divestments of entities etc	0	0	0
Ordinary dividend paid	0	0	(4.000)
Value adjustments	0	(48)	0
Tax of entries on equity	0	11	0
Profit/loss for the year	0	90.082	10.000
Equity end of year	1.300	101.626	10.000

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	125	17.006
Effect of divestments of entities etc	64	64
Ordinary dividend paid	0	(4.000)
Value adjustments	0	(48)
Tax of entries on equity	0	11
Profit/loss for the year	(189)	99.893
Equity end of year	0	112.926

Consolidated cash flow statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> <u>DKK'000</u>	<u>2017/18</u> <u>DKK'000</u>
Operating profit/loss		101.428	(9.990)
Amortisation, depreciation and impairment losses		577	898
Working capital changes	9	3.021	590
Profit from sale of activity		(96.496)	0
Cash flow from ordinary operating activities		8.530	(8.502)
Financial income received		121	58
Financial expenses paid		(559)	(279)
Income taxes refunded/(paid)		(1.310)	(841)
Cash flows from operating activities		6.782	(9.564)
Acquisition etc of intangible assets		0	(8.650)
Acquisition etc of property, plant and equipment		(548)	(451)
Sale of property, plant and equipment		257	0
Acquisition of fixed asset investments		(500)	(108)
Disposal of enterprises		0	1.200
Acquisition of other investments		(37.414)	0
Net profit from sale of investement		36.366	0
Cash flows from investing activities		(1.839)	(8.009)
Dividend paid		(4.000)	(3.990)
Sale of treasury shares		0	1.233
Cash flows from financing activities		(4.000)	(2.757)
Increase/decrease in cash and cash equivalents		943	(20.330)
Cash and cash equivalents beginning of year		11.178	31.508
Cash and cash equivalents end of year		12.121	11.178
Cash and cash equivalents at year-end are composed of:			
Cash		12.121	12.312
Short-term debt to banks		0	(1.134)
Cash and cash equivalents end of year		12.121	11.178

Notes to consolidated financial statements

1. Gross profit

Gross profit comprises income from sale of activity and profit from ordinary operations. Except from income from sale of activity gross profit is at a common level.

	2018/19 DKK'000	2017/18 DKK'000
2. Staff costs		
Wages and salaries	25.830	40.596
Pension costs	2.743	5.032
Other social security costs	146	212
Other staff costs	1.478	1.579
	30.197	47.419
Average number of employees	33	70

	2018/19 DKK'000	2017/18 DKK'000
3. Tax on profit/loss for the year		
Current tax	548	24
Change in deferred tax	548	(1.702)
	1.096	(1.678)

	Completed development projects DKK'000	Development projects in progress DKK'000
4. Intangible assets		
Cost beginning of year	47.084	6.015
Disposals	(7.635)	(6.015)
Cost end of year	39.449	0
Amortisation and impairment losses beginning of year	(40.192)	0
Impairment losses for the year	(300)	0
Reversal regarding disposals	1.043	0
Amortisation and impairment losses end of year	(39.449)	0
Carrying amount end of year	0	0

Development projects

Completed development projects comprises finished projects which supports the group's continuing performance. The projects are fully depreciated.

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
5. Property, plant and equipment		
Cost beginning of year	1.480	240
Additions	825	0
Disposals	(476)	0
Cost end of year	1.829	240
Depreciation and impairment losses beginning of year	(745)	(213)
Depreciation for the year	(250)	(27)
Reversal regarding disposals	199	0
Depreciation and impairment losses end of year	(796)	(240)
Carrying amount end of year	1.033	0

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
6. Fixed asset investments				
Cost beginning of year	0	0	650	1.648
Additions	500	71.554	16	0
Disposals	0	0	0	(1.648)
Cost end of year	500	71.554	666	0
Carrying amount end of year	500	71.554	666	0

Other investmens compromises investment in an unlisted company.

	2018/19 DKK'000	2017/18 DKK'000
7. Contract work in progress		
Contract work in progress	5.062	1.771
Progress billings regarding contract work in progress	(5.474)	(3.242)
Transferred to liabilities other than provisions	613	1.525
	201	54

8. Short-term deferred income

Deferred income compromises income regarding deposited cash account in connection to sale of activity.

Notes to consolidated financial statements

	<u>2018/19</u> <u>DKK'000</u>	<u>2017/18</u> <u>DKK'000</u>
9. Change in working capital		
Increase/decrease in receivables	1.318	(443)
Increase/decrease in trade payables etc	1.703	1.033
	<u>3.021</u>	<u>590</u>

10. 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 2019, the total hedge amounts USD 253k (DKK 1,626K) and CAD 350k (DKK 1,640) will expire on latest 12 August 2020. At the balance sheet date, under other payables, there is an unrealised exchange loss of DKK 225k. The fair value adjustment is recognized in equity.

	<u>2018/19</u> <u>DKK'000</u>	<u>2017/18</u> <u>DKK'000</u>
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>666</u>	<u>1.374</u>

12. Assets charged and collateral

An amount of USD 5,000k recognised in Cash has been deposited as security in connection to sale of activity.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
13. Subsidiaries			
GateHouse Telecom A/S	Aalborg	A/S	100,0
GateHouse Maritime A/S	Aalborg	A/S	100,0
GateHouse USA Corp.	Delaware, USA	Corp.	100,0

Parent income statement for 2018/19

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Gross loss		(316)	(438)
Income from investments in group enterprises		100.649	(5.871)
Other financial income		114	48
Other financial expenses	1	(428)	(138)
Profit/loss before tax		100.019	(6.399)
Tax on profit/loss for the year	2	63	24
Profit/loss for the year		100.082	(6.375)
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		10.000	4.000
Retained earnings		90.082	(10.375)
		100.082	(6.375)

Parent balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Investments in group enterprises		19.183	21.176
Investments in associates		500	0
Other investments		71.554	0
Other receivables		0	1.648
Fixed asset investments	3	<u>91.237</u>	<u>22.824</u>
Fixed assets		<u>91.237</u>	<u>22.824</u>
Deferred tax		14	24
Other receivables		230	12
Joint taxation contribution receivable		2.130	0
Receivables		<u>2.374</u>	<u>36</u>
Other investments		37.482	0
Other investments		<u>37.482</u>	<u>0</u>
Cash		<u>35.696</u>	<u>29</u>
Current assets		<u>75.552</u>	<u>65</u>
Assets		<u>166.789</u>	<u>22.889</u>

Parent balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19 DKK'000</u>	<u>2017/18 DKK'000</u>
Contributed capital		1.300	1.300
Reserve for net revaluation according to the equity method		18.639	1.161
Retained earnings		82.986	10.420
Proposed dividend		10.000	4.000
Equity		<u>112.925</u>	<u>16.881</u>
Trade payables		16	20
Payables to group enterprises		17.509	5.988
Other payables		8.913	0
Deferred income	4	27.426	0
Current liabilities other than provisions		<u>53.864</u>	<u>6.008</u>
Liabilities other than provisions		<u>53.864</u>	<u>6.008</u>
Equity and liabilities		<u>166.789</u>	<u>22.889</u>
Contingent liabilities	5		
Assets charged and collateral	6		

Parent statement of changes in equity for 2018/19

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	1.300	1.161	10.420
Ordinary dividend paid	0	0	0
Value adjustments	0	(38)	0
Transfer to reserves	0	17.516	(17.516)
Profit/loss for the year	0	0	90.082
Equity end of year	1.300	18.639	82.986

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	4.000	16.881
Ordinary dividend paid	(4.000)	(4.000)
Value adjustments	0	(38)
Transfer to reserves	0	0
Profit/loss for the year	10.000	100.082
Equity end of year	10.000	112.925

Notes to parent financial statements

	2018/19 DKK'000	2017/18 DKK'000
1. Other financial expenses		
Financial expenses from group enterprises	21	137
Other interest expenses	407	1
	428	138

	2018/19 DKK'000	2017/18 DKK'000
2. Tax on profit/loss for the year		
Current tax	(66)	0
Change in deferred tax	3	(24)
	(63)	(24)

	Invest- ments in group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000	Other receivables DKK'000
3. Fixed asset investments				
Cost beginning of year	14.415	0	0	1.648
Additions	0	500	71.554	0
Disposals	(13.871)	0	0	(1.648)
Cost end of year	544	500	71.554	0
Revaluations beginning of year	6.761	0	0	0
Share of profit/loss for the year	3.396	0	0	0
Dividend	(5.600)	0	0	0
Fair value adjustments	(38)	0	0	0
Other adjustments	(6)	0	0	0
Reversal regarding disposals	14.126	0	0	0
Revaluations end of year	18.639	0	0	0
Carrying amount end of year	19.183	500	71.554	0

Other investments comprises investment in an unlisted company.

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

4. Deferred income

Deferred income comprises income regarding deposited cash account in connection to sale of activity.

Notes to parent financial statements

5. 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.

6. 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.

An amount of USD 5,000k recognised in Cash has been deposited as security in connection to sale of subsidiary.

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. In the current financial year there have been made classifications adjustments regarding trade payables and other provisions in the consolidated comparative figures.

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 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 operation income also comprises income from sale of activity during the financial year.

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.

Other financial income

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

Accounting policies

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.

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

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

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.

Other investments

Other investments comprise unlisted investments measured at the lower of cost and net realisable value.

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.

Accounting policies

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.

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

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.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

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.

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

Accounting policies

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases

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

Other financial liabilities

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

Prepayments received from customers

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

Deferred income

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

Accounting policies

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. Cash does not comprise bank account which has been deposit as security in connectoin to sale of activity.