



GateHouse Holding A/S

Strømmen 6
9400 Nørresundby
CVR No. 12948700

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the
annual report on 11.02.2021

Jakob Axel Nielsen

Chairman of the General Meeting

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Entity details

Entity

GateHouse Holding A/S

Strømmen 6

9400 Nørresundby

Business Registration No.: 12948700

Registered office: Aalborg

Financial year: 01.10.2019 - 30.09.2020

Board of Directors

Jakob Axel Nielsen, Chairman of the board

Jørgen Brøndgaard Nielsen

Frank Winther

Karina Bergstrøm Larsen

Nina Christiane Movin, Vice Chairman of the board

Mads Peter Lübeck

Denis Jean Jørgen Viet-Jacobsen

Søren Bondo Andersen

Executive Board

Kenney Vesteraa Christiansen

Michael Bondo Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

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 01.10.2019 - 30.09.2020

The annual report is presented 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 30.09.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2019 - 30.09.2020.

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, 03.12.2020

Executive Board

Kenney Vesteraa Christiansen

Michael Bondo Andersen

Board of Directors

Jakob Axel Nielsen
Chairman of the board

Jørgen Brøndgaard Nielsen

Frank Winther

Karina Bergstrøm Larsen

Nina Christiane Movin
Vice Chairman of the board

Mads Peter Lübeck

Denis Jean Jørgen Viet-Jacobsen

Søren Bondo Andersen

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 01.10.2019 - 30.09.2020, 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 30.09.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2019 - 30.09.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

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 and 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.

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, 03.12.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Birner Sørensen

State Authorised Public Accountant
Identification No (MNE) mne11671

Management commentary

Financial highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	54,842	132,203	38,327	50,235	34,920
Operating profit/loss	27,427	101,429	(9,990)	10,291	3,163
Net financials	(1,238)	(440)	(221)	(199)	87
Profit/loss for the year	26,619	99,893	(8,533)	7,923	2,526
Balance sheet total	136,595	163,139	38,129	48,248	36,279
Investments in property, plant and equipment	280	825	451	522	0
Equity	75,850	112,926	17,004	27,233	21,148
Equity excl. minority interests	75,850	112,926	16,879	26,152	21,148
Ratios					
Return on equity (%)	28.17	153.76	(38.58)	32.75	11.00
Equity ratio (%)	55.53	69.22	44.60	56.44	58.29

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

GateHouse Group connects the world through intelligent software solutions.

Through our subsidiary GateHouse Satcom 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.

Moreover, the Parent company invest in new startup's within software solutions through the company Igniter.

Description of material changes in activities and finances

The income statement of the Group for 2019/20 shows a profit of DKK 26,619k. At the end of September 2020 the balance sheet of the Group shows equity of DKK 76,055k and the solvency ratio stands at 55,6 %. The result is considered satisfactory.

In 2018/19 an Escrow account was established in connection to the sale of GateHouse Logistics A/S. The Escrow has been released in 2019/20. The Escrow is recognized in gross profit in the consolidated income statement.

The Igniter program established in 2018/19. with the purpose of investing in start-up companies, has been a success. In 2019/20 the program was transformed into a Group subsidiary. The subsidiary igniter is monitoring the Groups investment cases. In 2018/19 the Group invested in DECK1 A/S and in 2019/20 the Group acquired shares in the company CleanQuote.

In the current financial year there has been an outbreak of the disease COVID19. It is assessed, that the company's market may be affected by the outbreak. Although it is at an early stage in assessing the effects. The management assesment is that the outbreak could result in financial consequences for the coming financial years.

Parent treasury shares

	Number	Nominal value DKK'000	Share of contributed capital %	Purchase/ (selling) price DKK'000
B-Shares	149,000	149	11.5	8,500
Investments acquired	149,000	149	11.50	
B-Shares	149,000	149	11.5	
Holding of treasury shares	149,000	149	11.50	

Trasury shares are acquired in relation to changes in the group structure.

Consolidated income statement for 2019/20

	Notes	2019/20 DKK'000	2018/19 DKK'000
Gross profit/loss		54,842	132,203
Staff costs	1	(26,866)	(30,197)
Depreciation, amortisation and impairment losses		(549)	(577)
Operating profit/loss		27,427	101,429
Other financial income		994	119
Other financial expenses		(2,232)	(559)
Profit/loss before tax		26,189	100,989
Tax on profit/loss for the year	2	430	(1,096)
Profit/loss for the year		26,619	99,893
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	10,000
Extraordinary dividend distributed in the financial year		45,400	0
Retained earnings		(18,781)	90,082
Minority interests' share of profit/loss		0	(189)
Proposed distribution of profit and loss		26,619	99,893

Consolidated balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK'000	2018/19 DKK'000
Completed development projects	4	332	0
Development projects in progress	4	2,176	0
Intangible assets	3	2,508	0
Other fixtures and fittings, tools and equipment		476	1,033
Prepayments for property, plant and equipment		280	0
Property, plant and equipment	5	756	1,033
Investments in associates		2,500	500
Other investments		75,419	71,554
Deposits		683	666
Other receivables		48	0
Fixed asset investments	6	78,650	72,720
Fixed assets		81,914	73,753
Trade receivables		3,969	4,413
Contract work in progress	7	1,112	201
Receivables from associates		19	0
Deferred tax		1	14
Other receivables		39	254
Income tax receivable		483	516
Prepayments		118	102
Receivables		5,741	5,500
Other investments		0	37,482
Investments		0	37,482
Cash		48,940	46,404
Current assets		54,681	89,386

Assets	136,595	163,139
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Equity and liabilities

	Notes	2019/20 DKK'000	2018/19 DKK'000
Contributed capital		1,300	1,300
Reserve for development costs		1,887	0
Retained earnings		72,663	101,626
Proposed dividend for the financial year		0	10,000
Equity		75,850	112,926
Deferred tax		278	663
Other provisions		300	600
Provisions		578	1,263
Other payables		2,599	0
Non-current liabilities other than provisions	8	2,599	0
Bank loans		145	0
Prepayments received from customers		6,821	6,348
Contract work in progress	7	621	613
Trade payables		1,100	750
Payables to group enterprises		6	0
Payables to owners and management	9	44,184	0
Other payables		4,691	13,813
Deferred income		0	27,426
Current liabilities other than provisions		57,568	48,950
Liabilities other than provisions		60,167	48,950
Equity and liabilities		136,595	163,139
Financial instruments	11		
Unrecognised rental and lease commitments	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2019/20

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000	Proposed dividend for the financial year DKK'000
Equity beginning of year	1,300	0	101,626	0	10,000
Purchase of treasury shares	0	0	(8,500)	0	0
Ordinary dividend paid	0	0	0	0	(10,000)
Extraordinary dividend paid	0	0	0	(45,400)	0
Value adjustments	0	0	262	0	0
Tax of entries on equity	0	0	(57)	0	0
Transfer to reserves	0	1,887	(1,887)	0	0
Profit/loss for the year	0	0	(18,781)	45,400	0
Equity end of year	1,300	1,887	72,663	0	0

	Total DKK'000
Equity beginning of year	112,926
Purchase of treasury shares	(8,500)
Ordinary dividend paid	(10,000)
Extraordinary dividend paid	(45,400)
Value adjustments	262
Tax of entries on equity	(57)
Transfer to reserves	0
Profit/loss for the year	26,619
Equity end of year	75,850

Consolidated cash flow statement for 2019/20

	Notes	2019/20 DKK'000	2018/19 DKK'000
Operating profit/loss		27,427	101,429
Amortisation, depreciation and impairment losses		549	577
Working capital changes	10	10,943	37,304
Profit from sale of activity		(28,950)	(96,497)
Other adjustments		(300)	0
Cash flow from ordinary operating activities		9,669	42,813
Financial income received		280	121
Financial expenses paid		(195)	(559)
Income taxes refunded/(paid)		(1,298)	(1,310)
Cash flows from operating activities		8,456	41,065
Acquisition etc. of intangible assets		(2,538)	0
Acquisition etc. of property, plant and equipment		(280)	(548)
Sale of property, plant and equipment		0	257
Acquisition of fixed asset investments		(5,882)	(500)
Acquisition of other investments		0	(37,414)
Net Profit from sale of investment		28,950	36,366
Sale of other investments		37,730	0
Cash flows from investing activities		57,980	(1,839)
Free cash flows generated from operations and investments before financing		66,436	39,226
Dividend paid		(10,000)	(4,000)
Acquisition of treasury shares		(8,500)	0
Ekstraordinary dividend paid		(45,400)	0
Cash flows from financing activities		(63,900)	(4,000)

Increase/decrease in cash and cash equivalents	2,536	35,226
Cash and cash equivalents beginning of year	46,404	11,178
Cash and cash equivalents end of year	48,940	46,404
Cash and cash equivalents at year-end are composed of:		
Cash	48,940	46,404
Cash and cash equivalents end of year	48,940	46,404

Notes to consolidated financial statements

1 Staff costs

	2019/20 DKK'000	2018/19 DKK'000
Wages and salaries	23,577	25,830
Pension costs	3,070	2,743
Other social security costs	184	146
Other staff costs	35	1,478
	26,866	30,197
Average number of full-time employees	36	33

2 Tax on profit/loss for the year

	2019/20 DKK'000	2018/19 DKK'000
Current tax	107	548
Change in deferred tax	(471)	548
Refund in joint taxation arrangement	(66)	0
	(430)	1,096

3 Intangible assets

	Completed development projects DKK'000	Development projects in progress DKK'000
Cost beginning of year	39,449	0
Transfers	362	(362)
Additions	0	2,538
Cost end of year	39,811	2,176
Amortisation and impairment losses beginning of year	(39,449)	0
Amortisation for the year	(30)	0
Amortisation and impairment losses end of year	(39,479)	0
Carrying amount end of year	332	2,176

4 Development projects

Completed development projects

Completed development projects comprises finished projects which supports the company's continuing performance. In the financial year there have been made investments into implementing a new ERP system, IFS, where the standard finance modules have been taken in usage as of April 2020.

Management have not identified indications for impairment of the completed development projects.

Development projects in progress

Development projects in progress comprises two development projects. Implementation of IFS as the primary business system and developing of the new NB-IoT technology. Cost for both projects are internal wages and external expenses.

IFS ERP-System

The implementation of IFS on a business level is completed as of November 2020 and are taken in usage. The system is estimated to contribute to optimizations in internal processes. The impairment test support the carrying amount.

NB-IoT technology

Development of the NB-IoT technology is expected to be completed and taken in usage in 2023/24. As of submitting the annual report, the developing is going as planned based on the management allocated resources.

Management have performed market research which shows the potential for the technology on the market. Furthermore the company's current customers are interested in the technology.

Management have performed impairment test of the carrying amount of the project. The project is estimated to contribute to future positive cash flow, and are upon completion expected to be a large part of the primary activities.

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Prepayments for property, plant and equipment DKK'000
Cost beginning of year	1,829	0
Additions	0	280
Disposals	(538)	0
Cost end of year	1,291	280
Depreciation and impairment losses beginning of year	(796)	0
Depreciation for the year	(66)	0
Reversal regarding disposals	47	0
Depreciation and impairment losses end of year	(815)	0
Carrying amount end of year	476	280

6 Fixed asset investments

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	500	71,554	666
Additions	2,000	3,865	17
Cost end of year	2,500	75,419	683
Carrying amount end of year	2,500	75,419	683

Other investments comprises investments in CleanQuote IVS and Project44, Inc. Management have not identified impairment of other investments.

Associates	Registered in	Ownership %
DECK1 A/S	Aalborg	25,44

7 Contract work in progress

	2019/20 DKK'000	2018/19 DKK'000
Contract work in progress	7,960	5,062
Progress billings	(7,469)	(5,474)
Transferred to liabilities other than provisions	621	613
	1,112	201

8 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK'000
Other payables	2,599
	2,599

Outstanding liabilities after 5 years is DKK 0

9 Payables to owners and management

Payables to owners and management comprises of extraordinary dividend adopted on extraordinary general assembly held 25.09.2020. The dividend has not yet been paid to the shareowners.

10 Changes in working capital

	2019/20	2018/19
	DKK'000	DKK'000
Increase/decrease in receivables	(352)	1,318
Increase/decrease in trade payables etc.	11,295	35,986
	10,943	37,304

11 Derivative 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 2020, the total hedge amounts to USD 15k (DKK 94k) and CAD 150k (DKK 753k) will expire on latest 26 February 2021. At the balance sheet date, under other receivables there is an unrealised exchange profit of DKK 37k. The fair value adjustment is recognized in equity.

12 Unrecognised rental and lease commitments

	2019/20	2018/19
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	666	666

13 Subsidiaries

	Registered in	Corporate form	Ownership %
GateHouse Igniter A/S	Aalborg	A/S	100
GateHouse Maritime A/S	Aalborg	A/S	100
GateHouse SatCom A/S	Aalborg	A/S	100
GateHouse USA Corp.	Delaware, USA	Corp.	100

Parent income statement for 2019/20

	Notes	2019/20 DKK'000	2018/19 DKK'000
Gross profit/loss		(258)	(316)
Income from investments in group enterprises		27,635	100,649
Other financial income	1	993	114
Other financial expenses	2	(2,000)	(428)
Profit/loss before tax		26,370	100,019
Tax on profit/loss for the year	3	248	63
Profit/loss for the year		26,618	100,082
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	10,000
Extraordinary dividend distributed in the financial year		45,400	0
Retained earnings		(18,782)	90,082
Proposed distribution of profit and loss		26,618	100,082

Parent balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK'000	2018/19 DKK'000
Investments in group enterprises		18,473	19,183
Investments in associates		2,500	500
Other investments		75,419	71,554
Other receivables		48	0
Fixed asset investments	4	96,440	91,237
Fixed assets		96,440	91,237
Receivables from group enterprises		2,802	0
Receivables from associates		19	0
Deferred tax		72	14
Other receivables		0	230
Income tax receivable		548	0
Joint taxation contribution receivable		1,018	2,130
Receivables		4,459	2,374
Other investments		0	37,482
Investments		0	37,482
Cash		43,874	35,696
Current assets		48,333	75,552
Assets		144,773	166,789

Equity and liabilities

	Notes	2019/20 DKK'000	2018/19 DKK'000
Contributed capital		1,300	1,300
Reserve for net revaluation according to the equity method		17,529	18,639
Retained earnings		57,019	82,986
Proposed dividend for the financial year		0	10,000
Equity		75,848	112,925
Joint taxation contribution payable		42	0
Non-current liabilities other than provisions	5	42	0
Trade payables		77	16
Payables to group enterprises		22,522	17,509
Payables to owners and management	6	44,184	0
Other payables		2,100	36,339
Current liabilities other than provisions		68,883	53,864
Liabilities other than provisions		68,925	53,864
Equity and liabilities		144,773	166,789
Contingent liabilities	7		

Parent statement of changes in equity for 2019/20

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000	Proposed dividend for the year DKK'000
Equity beginning of year	1,300	18,639	82,986	0	10,000
Purchase of treasury shares	0	0	(8,500)	0	0
Ordinary dividend paid	0	0	0	0	(10,000)
Extraordinary dividend paid	0	0	0	(45,400)	0
Value adjustments	0	205	0	0	0
Profit/loss for the year	0	(1,315)	(17,467)	45,400	0
Equity end of year	1,300	17,529	57,019	0	0

	Total DKK'000
Equity beginning of year	112,925
Purchase of treasury shares	(8,500)
Ordinary dividend paid	(10,000)
Extraordinary dividend paid	(45,400)
Value adjustments	205
Profit/loss for the year	26,618
Equity end of year	75,848

Notes to parent financial statements

1 Other financial income

	2019/20	2018/19
	DKK'000	DKK'000
Financial income from group enterprises	2	0
Other interest income	991	114
	993	114

2 Other financial expenses

	2019/20	2018/19
	DKK'000	DKK'000
Financial expenses from group enterprises	119	21
Other interest expenses	1,881	407
	2,000	428

3 Tax on profit/loss for the year

	2019/20	2018/19
	DKK'000	DKK'000
Current tax	0	(66)
Change in deferred tax	(58)	3
Refund in joint taxation arrangement	(190)	0
	(248)	(63)

4 Fixed asset investments

	Investments in		
	group enterprises	Investments in associates	Other investments
	DKK'000	DKK'000	DKK'000
Cost beginning of year	544	500	71,554
Additions	400	2,000	3,865
Cost end of year	944	2,500	75,419
Revaluations beginning of year	18,639	0	0
Share of profit/loss for the year	(1,315)	0	0
Fair value adjustments	262	0	0
Other adjustments	(57)	0	0
Revaluations end of year	17,529	0	0
Carrying amount end of year	18,473	2,500	75,419

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

5 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK'000
Joint taxation contribution payable	42
	42

Outstanding liabilities after 5 years is DKK 0.

6 Payables to owners and management

Payables to owners and management comprises of extraordinary dividend adopted on extraordinary general assembly held 25.09.2020. The dividend have not yet been paid to the shareowners.

7 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

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' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

Business combinations

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

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

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

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 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised, other operating income, and external expenses.

Revenue

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

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 and property, plant and equipment.

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. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

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

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 intra-group profits or losses.

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet**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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-5 years.

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

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. For self-constructed assets, cost comprises direct costs of materials, components, subsuppliers and labour costs.

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

Other fixtures and fittings, tools and equipment	3-5 years
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For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

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

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

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 equity 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 work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

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

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

Income tax payable or receivable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

Prepayments

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

Other investments (current assets)

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. 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.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity under retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

Deferred income

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and 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, and 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, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.