GateHouse Holding A/S

Strømmen 6
9400 Nørresundby
CVR No. 12948700

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the annual report on 03.02.2022

Jakob Axel Nielsen
Chairman of the General Meeting

Contents

Entity details

Entity

GateHouse Holding A/S

Strømmen 6

9400 Nørresundby

Business Registration No.: 12948700

Registered office: Aalborg

Financial year: 01.10.2020 - 30.09.2021

Board of Directors

Jakob Axel Nielsen, Chairman

Nina Christiane Movin, Vice chairman

Mads Peter Lübeck, Board member

Søren Bondo Andersen, Board member

Petar Popovski, Board member

Denis Viet-Jacobsen , Board member

Executive Board

Michael Bondo Andersen, CEO

Kenney Schmidt Christiansen, direktør

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 01.10.2020 - 30.09.2021.

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 30.09.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2020 - 30.09.2021.

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, 14.12.2021

Executive Board

Michael Bondo Andersen
CEO

Kenney Schmidt Christiansen
direktør

Board of Directors

Jakob Axel Nielsen
Chairman

Nina Christiane Movin
Vice chairman

Mads Peter Lübeck
Board member

Søren Bondo Andersen
Board member

Petar Popovski
Board member

Denis Viet-Jacobsen
Board member

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 01.10.2020 - 30.09.2021, 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 30.09.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2020 - 30.09.2021 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 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, 14.12.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Financial highlights

	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000
Key figures					
Gross profit/loss	36,735	54,842	132,203	38,327	50,235
Operating profit/loss	(3,681)	27,428	101,429	(9,990)	10,291
Net financials	17,035	(1,239)	(440)	(221)	(199)
Profit/loss for the year	15,047	26,619	99,893	(8,533)	7,923
Balance sheet total	145,774	136,595	163,139	38,129	48,248
Investments in property, plant and equipment	1,643	280	825	451	522
Equity	97,934	75,848	112,926	17,004	27,233
Equity excl. minority interests	95,245	75,848	112,926	16,879	26,152
Ratios					
Return on equity (%)	17.32	28.17	153.76	(38.58)	32.75
Equity ratio (%)	65.34	55.53	69.22	44.27	54.20

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.

With our subsidiary GateHouse Maritime A/S, we provide market-leading software solutions for end-to-end ocean visibility and predictability.

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.

Moreover, the parent company invest in new startups within software solutions through the company GateHouse Igniter A/S.

Development in activities and finances
The income statement of the Group for 2020/21 shows a profit of DKK 15,047k. At the end of September 2021, the balance sheet of the Group shows equity of DKK 97,934k and the solvency ratio stands at 65,3%. The result is considered satisfactory.

GateHouse Group's R&D activities have increased in the financial year 2020/21. These activities are expected to continue in the upcoming financial years in both GateHouse Maritime and GateHouse Satcom as a part of the Group's growth strategy.

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.

Parent treasury shares

	Number	Nominal value DKK'000	Share of contributed capital %	Purchase/ (selling) price DKK'000
B-Shares	149,000	149	11.5	2,300
Investments disposed of	**149,000**	**149**	**11.50**	

Trasury shares were acquired in September 2020 in relation to changes in the group structure. The changes have been made and the shares have been sold in October 2020.

Consolidated income statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Gross profit/loss		**36,735**	**54,842**
Staff costs	1	(39,801)	(26,865)
Depreciation, amortisation and impairment losses		(615)	(549)
Operating profit/loss		**(3,681)**	**27,428**
Income from investments in group enterprises		133	0
Income from other fixed asset investments		18,268	0
Other financial income		2	993
Other financial expenses		(1,235)	(2,232)
Profit/loss before tax		**13,487**	**26,189**
Tax on profit/loss for the year	2	1,560	430
Profit/loss for the year		**15,047**	**26,619**
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		0	45,400
Retained earnings		15,827	(18,781)
Minority interests' share of profit/loss		(780)	0
Proposed distribution of profit and loss		**15,047**	**26,619**

Consolidated balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Completed development projects	4	1,148	332
Goodwill		1,184	0
Development projects in progress	4	9,917	2,176
Intangible assets	3	**12,249**	**2,508**
Other fixtures and fittings, tools and equipment		322	476
Leasehold improvements		1,570	0
Prepayments for property, plant and equipment		0	280
Property, plant and equipment	5	**1,892**	**756**
Investments in associates		2,500	2,500
Other investments		61,987	75,419
Deposits		1,362	683
Other receivables		0	48
Financial assets	6	**65,849**	**78,650**
Fixed assets		**79,990**	**81,914**
Trade receivables		9,307	3,969
Contract work in progress	7	1,129	1,112
Receivables from associates		0	19
Other receivables		2,845	40
Tax receivable		2,199	483
Prepayments		74	118
Receivables		**15,554**	**5,741**
Cash		**50,230**	**48,940**
Current assets		**65,784**	**54,681**
Assets		**145,774**	**136,595**

Equity and liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital		1,300	1,300
Reserve for fair value adjustments of hedging instruments		(227)	0
Reserve for net revaluation according to equity method		133	0
Reserve for development costs		0	1,887
Retained earnings		94,039	72,661
Equity belonging to Parent's shareholders		**95,245**	**75,848**
Equity belonging to minority interests		**2,689**	**0**
Equity		**97,934**	**75,848**
Deferred tax		528	278
Other provisions		100	300
Provisions		**628**	**578**
Other payables		9,759	2,598
Deferred income		381	0
Non-current liabilities other than provisions	8	**10,140**	**2,598**
Bank loans		0	145
Prepayments received from customers		6,948	6,821
Contract work in progress	7	3,078	621
Trade payables		3,149	1,099
Payables to owners and management		19,404	44,184
Other payables		4,493	4,701
Current liabilities other than provisions		**37,072**	**57,571**
Liabilities other than provisions		**47,212**	**60,169**
Equity and liabilities		**145,774**	**136,595**
Financial instruments	10		
Unrecognised rental and lease commitments	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Reserve for net revaluation according to equity method DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000
Equity beginning of year	1,300	0	0	1,887	72,661
Effect of mergers and business combinations	0	0	0	0	(1,038)
Effect of divestments of entities etc.	0	0	0	0	2,573
Increase of capital	0	0	0	0	0
Sale of treasury shares	0	0	0	0	2,300
Fair value adjustments of hedging instruments	0	(291)	0	0	0
Tax of entries on equity	0	64	0	0	0
Transfer to reserves	0	0	133	(1,887)	1,754
Profit/loss for the year	0	0	0	0	15,789
Equity end of year	**1,300**	**(227)**	**133**	**0**	**94,039**

	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	75,848	0	75,848
Effect of mergers and business combinations	(1,038)	1,038	0
Effect of divestments of entities etc.	2,573	(573)	2,000
Increase of capital	0	3,000	3,000
Sale of treasury shares	2,300	0	2,300
Fair value adjustments of hedging instruments	(291)	(44)	(335)
Tax of entries on equity	64	10	74
Transfer to reserves	0	0	0
Profit/loss for the year	15,789	(742)	15,047
Equity end of year	**95,245**	**2,689**	**97,934**

Consolidated cash flow statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Operating profit/loss		(3,681)	27,428
Amortisation, depreciation and impairment losses		615	549
Working capital changes	9	(4,439)	10,943
Profit from sale of activity		0	(28,950)
Other adjustments		(191)	(300)
Cash flow from ordinary operating activities		**(7,696)**	**9,670**
Financial income received		3	280
Financial expenses paid		(1,236)	(196)
Taxes refunded/(paid)		186	(1,298)
Cash flows from operating activities		**(8,743)**	**8,456**
Acquisition etc. of intangible assets		(8,855)	(2,538)
Acquisition etc. of property, plant and equipment		(1,643)	(280)
Acquisition of fixed asset investments		0	(5,882)
Acquisition of enterprises		(89)	0
Disposal of enterprises		2,000	0
Net Profit from sale of investment		0	28,950
Sale of other investments		31,100	37,730
Cash flows from investing activities		**22,513**	**57,980**
Free cash flows generated from operations and investments before financing		**13,770**	**66,436**
Loans raised		7,000	0
Repayment of debt to participating interests		(24,780)	0
Dividend paid		0	(10,000)
Acquisition of treasury shares		0	(8,500)
Sale of treasury shares		2,300	0
Cash capital increase		3,000	0
Ekstraordinary dividend paid		0	(45,400)
Cash flows from financing activities		**(12,480)**	**(63,900)**

Increase/decrease in cash and cash equivalents	**1,290**	**2,536**
Cash and cash equivalents beginning of year	48,940	46,404
Cash and cash equivalents end of year	**50,230**	**48,940**
Cash and cash equivalents at year-end are composed of:		
Cash	50,230	48,940
Cash and cash equivalents end of year	**50,230**	**48,940**

Notes to consolidated financial statements

1 Staff costs

	2020/21 DKK'000	2019/20 DKK'000
Wages and salaries	35,477	23,577
Pension costs	3,836	3,069
Other social security costs	397	184
Other staff costs	91	35
	39,801	**26,865**

Average number of full-time employees	**55**	**36**

2 Tax on profit/loss for the year

	2020/21 DKK'000	2019/20 DKK'000
Current tax	(1,901)	41
Change in deferred tax	341	(471)
	(1,560)	**(430)**

3 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	39,811	0	2,176
Addition through business combinations etc	0	1,279	0
Transfers	1,025	0	(1,025)
Additions	0	0	8,855
Disposals	0	0	(89)
Cost end of year	**40,836**	**1,279**	**9,917**
Amortisation and impairment losses beginning of year	(39,479)	0	0
Amortisation for the year	(209)	(95)	0
Amortisation and impairment losses end of year	**(39,688)**	**(95)**	**0**
Carrying amount end of year	**1,148**	**1,184**	**9,917**

4 Development projects

Cpleted development projects

Completed development projects comprise finished projects which support the company's continued performance. The ERP system IFS has been implemented and brought into usage from November 2020. The system contributes to optimizations in internal processes. Management has not identified indications for impairment of the completed development projects..

Development projects in progress

Development projects in progress comprise two projects:

1. GateHouse Satcom's development of the NB-IoT technology. The product is expected to be in usage in 2023/24.

2. GateHouse Maritime's development of an AI predictive platform. The product will be brought into usage in 2022.

Cost for both projects are internal wages and external expenses.

The management has performed impairment test of the carrying amount of the development projects. The projects are estimated to contribute to future positive cashflow 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	Leasehold improvements DKK'000	Prepayments for property, plant and equipment DKK'000
Cost beginning of year	1,290	0	280
Transfers	0	280	(280)
Additions	0	1,643	0
Cost end of year	**1,290**	**1,923**	**0**
Depreciation and impairment losses beginning of year	(814)	0	0
Depreciation for the year	(154)	(353)	0
Depreciation and impairment losses end of year	**(968)**	**(353)**	**0**
Carrying amount end of year	**322**	**1,570**	**0**

6 Financial assets

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	2,500	75,419	683
Addition through business combinations etc	0	0	9
Transfers	0	(600)	0
Additions	0	0	670
Disposals	0	(12,832)	0
Cost end of year	**2,500**	**61,987**	**1,362**
Carrying amount end of year	**2,500**	**61,987**	**1,362**

Other investments comprises investments in 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

	2020/21 DKK'000	2019/20 DKK'000
Contract work in progress	7,242	7,960
Progress billings	(9,191)	(7,469)
Transferred to liabilities other than provisions	3,078	621
	1,129	**1,112**

8 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 DKK'000	Outstanding after 5 years 2020/21 DKK'000
Other payables	9,759	3,983
Deferred income	381	0
	10,140	**3,983**

9 Changes in working capital

	2020/21 DKK'000	2019/20 DKK'000
Increase/decrease in receivables	(8,731)	(352)
Increase/decrease in trade payables etc.	4,292	11,295
	(4,439)	**10,943**

10 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.

11 Unrecognised rental and lease commitments

	2020/21 DKK'000	2019/20 DKK'000
Total liabilities under rental or lease agreements until maturity	8,412	666

12 Subsidiaries

	Registered in	Corporate form	Ownership %
GateHouse Igniter A/S	Aalborg	A/S	100
GateHouse Maritime A/S	Aalborg	A/S	86
GateHouse SatCom A/S	Aalborg	A/S	100
GateHouse USA Corp.	Delaware, USA	Corp.	100
CleanQuote A(S	Aalborg	A/S	54

Parent income statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Gross profit/loss		**(443)**	**(258)**
Income from investments in group enterprises		(137)	27,635
Income from other fixed asset investments		18,268	0
Other financial income	1	33	993
Other financial expenses	2	(978)	(2,000)
Profit/loss before tax		**16,743**	**26,370**
Tax on profit/loss for the year		344	248
Profit/loss for the year		**17,087**	**26,618**
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		0	45,400
Retained earnings		17,087	(18,782)
Proposed distribution of profit and loss		**17,087**	**26,618**

Parent balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Investments in group enterprises		34,230	18,473
Investments in associates		2,500	2,500
Other investments		61,987	75,419
Financial assets	3	**98,717**	**96,392**
Fixed assets		**98,717**	**96,392**
Receivables from group enterprises		1,966	2,802
Receivables from associates		0	19
Deferred tax	4	285	72
Other receivables		98	48
Tax receivable		0	548
Joint taxation contribution receivable		618	1,018
Receivables		**2,967**	**4,507**
Cash		**29,733**	**43,874**
Current assets		**32,700**	**48,381**
Assets		**131,417**	**144,773**

Equity and liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital		1,300	1,300
Reserve for net revaluation according to equity method		21,184	17,529
Retained earnings		73,770	57,019
Equity		**96,254**	**75,848**
Joint taxation contribution payable		0	42
Non-current liabilities other than provisions		**0**	**42**
Trade payables		19	77
Payables to group enterprises		15,740	22,522
Payables to owners and management		19,404	44,184
Other payables		0	2,100
Current liabilities other than provisions		**35,163**	**68,883**
Liabilities other than provisions		**35,163**	**68,925**
Equity and liabilities		**131,417**	**144,773**
Contingent liabilities	5		

Parent statement of changes in equity for 2020/21

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,300	17,529	57,019	75,848
Sale of treasury shares	0	0	2,300	2,300
Value adjustments	0	(227)	0	(227)
Other entries on equity	0	1,246	0	1,246
Transfer to reserves	0	2,636	(2,636)	0
Profit/loss for the year	0	0	17,087	17,087
Equity end of year	**1,300**	**21,184**	**73,770**	**96,254**

Notes to parent financial statements

1 Other financial income

	2020/21 DKK'000	2019/20 DKK'000
Financial income from group enterprises	30	2
Other interest income	3	991
	33	**993**

2 Other financial expenses

	2020/21 DKK'000	2019/20 DKK'000
Financial expenses from group enterprises	95	119
Other interest expenses	881	1,881
Exchange rate adjustments	2	0
	978	**2,000**

3 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000
Cost beginning of year	944	2,500	75,419
Transfers	3,537	0	(3,537)
Additions	9,000	0	2,937
Disposals	(433)	0	(12,832)
Cost end of year	**13,048**	**2,500**	**61,987**
Revaluations beginning of year	17,529	0	0
Adjustments on equity	1,246	0	0
Amortisation of goodwill	(95)	0	0
Share of profit/loss for the year	(1,341)	0	0
Investments with negative equity value depreciated over receivables	4,339	0	0
Other adjustments	(227)	0	0
Reversal regarding disposals	(269)	0	0
Revaluations end of year	**21,182**	**0**	**0**
Carrying amount end of year	**34,230**	**2,500**	**61,987**
Goodwill or negative goodwill recognised during the financial year	2,279	0	

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

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

Investments in associates	**Registered in**	**Corporate form**	**Ownership %**
DECK1 A/S	Aalborg	A/S	25,44

4 Deferred tax

Deferred tax is recognized based on the expected usage for 3-5 years.

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 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 a few provisions for reporting class C.

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

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

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, respectively, including any non-amortised goodwill and estimated selling or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

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 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. 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.

Income from other fixed asset investments
Income from other fixed asset investments comprises gains in the form of sale of shares on fixed asset investments which are not investments in group enterprises or associates.

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

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progres.

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
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
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 the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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.

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.

Cash
Cash comprises cash in hand and bank deposits.

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.

Minority interests
On initial recognition, minority interests are measured at fair value of the minority interests' equity interests. Goodwill related to the minority interests' equity interests in the acquiree is recognised.

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.