

NORDUnet A/S

Kastruplundgade 22, 1.

2770 Kastrup

Central Business Registration No

17490346

Annual report 2018

The Annual General Meeting adopted the annual report on 27.03.2019

Chairman of the General Meeting

Name: Troels Rasmussen

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Entity details

Entity

NORDUnet A/S
Kastruplundgade 22, 1.
2770 Kastrup

Central Business Registration No: 17490346

Registered in: Tårnby

Financial year: 01.01.2018 - 31.12.2018

Phone: +4532462500

Website: www.nordu.net

Board of Directors

Maria Sofia Häll
Jón Ingi Einarsson
Petter Kongshaug
Steen Pedersen
Pekka Uusitalo

Executive Board

René Buch

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NORDUnet A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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

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

Kastrup, 26.03.2019

Executive Board

René Buch

Board of Directors

Maria Sofia Häll

Jón Ingi Einarsson

Petter Kongshaug

Steen Pedersen

Pekka Uusitalo

Independent auditor's report

To the shareholders of NORDUnet A/S

Opinion

We have audited the financial statements of NORDUnet A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Copenhagen, 26.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification number (MNE) mne33712

Nikolaj Erik Johnsen
State Authorised Public Accountant
Identification number (MNE) mne35806

Management commentary

	2018	2017	2016	2015	2014
	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
Financial highlights					
Key figures					
Revenue	18.643	17.016	18.281	18.008	16.056
Gross profit/loss	6.590	5.843	6.631	7.107	5.717
Operating profit/loss	819	18	392	1.312	313
Net financials	(147)	(80)	(284)	(310)	(43)
Profit/loss for the year	521	(26)	137	765	206
Total assets	12.778	13.792	15.501	16.180	11.140
Investments in property, plant and equipment	744	1.159	1.286	1340	4.712
Equity	3.294	2.782	2.812	2.665	1.905
Ratios					
Return on equity (%)	17,1	(0,9)	5,0	33,5	11,4
Equity ratio (%)	25,8	20,2	18,1	16,5	17,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

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

Management commentary

Primary activities

The primary business activity of the Company is to operate the NORDUnet network offering network services to research networks in the Nordic countries.

Development in activities and finances BUSINESS REVIEW

The Company's income statement for 2018 shows revenue of EUR 18.642.718,- which is EUR 532.137,- higher than the budgeted EUR 18.110.581,- mainly due to increase refund from EU Projects and Increase take-up of Media Services.

The overall financial result before taxes is a profit of EUR 671.421,- which is EUR 921.988,- better than the budgeted deficit of EUR -250.567,-

The Profit and the Actual improvement over Budget are due to a number of one-off factors:

- Greater than anticipated EC Funding reimbursement for GN4.2
- Delayed investments of IP equipment due to negotiations with vendor.
- A lower than expected cost in relation to new connectivity projects due to significant synergy effect in procuring in consortia with other NREN Partners.
- Currency exchange differences.

The balance sheet shows a shareholders' equity of EUR 3.293.935,- as of 31st December 2018.

The NORDUnet Finance department have over a long period had a solid Finance and Administration structure capable of supporting the service offerings and network infrastructure - with sufficient capacity to engage in influencing the Finance models for international collaborations in addition to continue to improve NORDUnet Financial services capability.

Due to changes in workload arising from the announced hand over of the Swedish Branch to The Swedish Research Council a restructuring of the finance department has been prepared during 2018 including succession planning for the NORDUnet CFO that is retiring during 2019. A new CFO has been employed and a new structure within the finance department has been implemented and will be in effect from Q1 2019.

TRANSITION OF THE OPERATION OF THE SUNET NETWORK TO SUNET

During 2018 NORDUnet and SUNET negotiated and entered into an agreement for handing over the operation of the SUNET Network to SUNET and the transfer of the Swedish Branch of NORDUnet to The Swedish Research Council (VR)/SUNET

The current Nordic R&E Network operational model was established during 2006 when both NORDUnet and SUNET were implementing a fiber optic network and there was a joint need for an operational organization that could handle both network engineering and the NOC.

Prior to this the NOC and network operations were outsourced to a university organization but an organization without background in optical networking. The cost for continuing this way was prohibitive.

Management commentary

The general position, at that time, from the NORDUnet Board was that NORDUnet should take care of the inter-Nordic and global connectivity and that each country should have their own operational organization. For SUNET, that was not possible at that time as SUNET did not have a legal entity that could employ staff and could enter into legally binding contracts.

Therefore, the NORDUnet Board agreed that NORDUnet could host and operate not just its own network but also SUNET's network, until SUNET was able to establish a legal entity.

With SUNET now being a part of The Swedish Research Council (VR), the time had come to return to the original mode of operation, in which NORDUnet have the responsibility for the interconnection of the Nordic NRENs and for global connectivity, and where each country's R&E Networking organization takes responsibility for the national network.

With this agreement, the 12 employees at the NORDUnet subsidiary in Stockholm were transferred to SUNET/VR as of January 2nd, 2019. In the two year transition period NORDUnet have entered into an agreement with SUNET running a part of the NORDUnet network.

GENERAL REMARKS

NORDUnet's operational organisation has performed very well during 2018 with clear focus on structure, documentation and user satisfaction. NUNOC's capability to meet the needs of the users have been consistent during 2018 in line with with previous years satisfactory performance.

The European activities of NORDUnet have been maintained at a high level during 2018 and the involvement in the Global NREN community and Global Collaboration have expanded significantly with a high focus on the GLOBAL NREN CEO Forum working groups including significant contributions to the [IN THE FIELDS STORIES WEBPAGE](#) website, the Global Network Architecture work <https://gna-re.net> the knowledge exchange programme and a number of other global working groups.

With the change in the Management of Internet2 in US - NORDUnet Management have taken up an additional Global Coordination role during 2017 and continued this during 2018 enabling and facilitating Global collaboration ensuring that Nordic Researchers and Students have access to any global user, anytime, anywhere in line with the NORDUnet Strategy.

NORDUnet is actively participating in the third phase of the GEANT 4 Project and investing significant managerial and technical resources to ensure that the future of European collaboration is focusing on a number of key issues important for the Nordic NREN community.

These areas included a new Network Topology paradigm to reuse NREN Infrastructure and EU Funding for long term fiber lease, with a substantial focus on decreasing the cost of the GEANT contribution. NORDUnet is also actively encouraging GEANT to support research and test with Network Virtualisation and Automation including the potential of Machine Learning and AI in Network Operation.

The participation in the Global NREN CEO forum is a clear evidence that Nordic collaboration and a joint Nordic approach to the extra Nordic community have significant benefits in terms of influence as no individual Nordic NREN would be considered of a size that would lead to be seen as a significant global partner.

Management commentary

NORDIC COLLABORATION

Facilitating and coordinating Nordic collaboration both in the Nordic and internationally is an important objective for NORDUnet. A number of groups have been established to foster discussions on common issues, exchanging information and coordination of Nordic efforts and opinions;

Within the technical field this is done through The Nordic CTO Forum.

Within Video conferencing, lecture capturing and streaming this is done through Nordic Media Group. The online learning and communication platforms are one of the most impressive examples of Nordic Collaboration leveraging a common NORDUnet platform, in an area with rapid growth and where skilled and qualified staff is a scarce resource. The Common NORDUnet Online Learning and Communication platforms are the fastest growing NORDUnet ICT Services ever.

Further focus areas for Nordic Collaborations is being identified and groups within these areas will be established when needed.

NORDIC NETWORK OPERATION

With the decision in relation to the transfer of the NUNOC Swedish Organisation to The Swedish Research Council (VR)/SUNET there will be a change of work division in the future also arising from the rapid uptake of Media and Online Learning Platform services.

The change of work division has been in the planning for several years especially due to the raise in ICT/Media related Services.

NORDUnet is restructuring the Network Operation organisation to meet the requirement of the NextGen Network operation. In addition, NORDUnet is taking care of Media and related ICT services for all Nordic NRENs.

The Nordic optical backbone network has in 2018 operated with an availability of 100% for all redundant connected services on the Copenhagen-Oslo-Stockholm.

The peak traffic from the Nordic NREN's have on several occasions passed the 160 Gbit/sec which is a peak traffic increase of 15 % from 140 Gbit/sec in 2017.

The peak traffic from all NORDUnet Connected customer throughout in 2018 reached peaks around 200 Gbit/sec which is an increase of 11% from 180 Gbit/sec in 2017

The global transit links towards US and Far East have operated at 100 % availability during 2018.

The GEANT connectivity have operated at 100 % availability and for the second year in a row NORDUnet have seen a stable traffic to GEANT with peaks between 24 Gbit/sec to 28 Gbits/sec which is in line with previous years.

INTERNATIONAL CONNECTIVITY

The main international connectivity for 2018 is still the Advanced North Atlantic Network - ANA-100 Production network established in 2014 to a triple 100 Gbit/s trans-Atlantic system for research and education.

Management commentary

Together with Internet2 (US), SURFNET (NL), GEANT and CANARIE (CA) NORDUnet have procured three trans-Atlantic 100 Gbit/Sec (ANA-300) and succeeded in putting all three into operation at a cost significantly below any previously seen cost in this region

This was supplemented in 2017 by an additional 100 Gbits/sec link provided by the NSF (US) funded NEAR project resulting in the ANA-400 Trans-Atlantic System.

ESNET (US) are complementing the ANA-400 with its own transatlantic capacity enabling both the ANA-400 and ESNET Network to serve as backup for each other in case of any cable outages.

The ANA Consortium capacity all terminate in open exchange points enabling users to make use of this new facility at a number of key connection points both in Europe and North America.

During 2018 traffic patterns continue to change and NORDUnet sees a more volatile traffic pattern and a major increase in peak traffic. The network has due to the advanced planning and traffic design coped with this without problems.

The usage patterns were in 2018 divided between:

- Europe (Non GEANT): 36%
- US: 27%
- Peering and Content Providers: 18%
- GEANT: 9%
- ASIA – PACIFIC: 9%
- Middle East and Africa: 1%

The above clearly shows a greater R&E usage of commercial services than before as the research and education communities up-take of commercial cloud services are increasing significantly

With the lessons learned from ANA, NORDUnet has entered into a consortium with GEANT, AARNET, SINGAREN, SURFNET and TEIN in establishing the first 100G Link between Europe and Asia and 2018 have been the year where the consortium model has proved to be a key collaboration instrument as we managed to secure a contract for connectivity between London and Singapore at a very favourable price for a 15 year period.

The London-Singapore link will be backed up by a Link from Tokyo to Amsterdam and the link will also interconnect a Singapore-Hong Kong-Tokyo- Singapore Ring

The ANA framework paradigm is also now being replicated by partners Trans Pacific.

INTERNET CONNECTIVITY

Internet Transit requirement increased again in 2018 and reached a peak close to 200 Gbit/sec, which is an increase in peak traffic of 25 %, compared to the same period in 2017. Historically the growth factor has been around 35% for several years but we are now seeing this levelling off due to the implementation of in region CDN caches.

Management commentary

In 2018 NORDUnet continued to see the impact of Cloud Service and live video streaming over the network. This has resulted in a traffic pattern that today is fluctuating much more erratic and more unbalanced than previously and which requires more rigorous traffic monitoring and planning than before.

The strategy of creating a Europe and US wide peering and transit network fabric has proven to be extremely successful and the key is the network ability to handle the significant network traffic increases.

The usage of this network design has surpassed all our expectations and has clearly demonstrated that the IX connectivity strategy is a vital step in the efforts to meet the Internet needs of the Nordic users with the current budget limitations.

NORDUnet is planning to expand peering and research network infrastructure reach into Asia where the first presence was established in Hong Kong during 2017 and with Singapore to follow in 2019.

In addition to this NORDUnet has major private peering's with Google, Apple, Amazon, Netflix, YouTube, Akamai and is in the process of adding more content network providers to counter the significant network growth.

As a result of the NORDUnet peering strategy NORDUnet has succeeded to maintain the level of payable Internet traffic at the same level as last year with a significant increase in peering traffic from 150 Gbit/sec to 180 Gbit/sec – a traffic increase that if it had to be handled by a commercial paid transit service would have resulted in a significant cost increase. This is again a clear proof that the strategy of network build-out and peering contributes to keep the costs down.

CHANGES IN THE TELECOMMUNICATION MARKET PLACE

With the increase in Direct Peering with Content Distribution Network (CDN) that at the same time now is responsible for over 80% of investment in Trans-Oceanic Network capacity it remains to be seen which impact this will have on the global Telecommunication Market as the CDN investment is currently focussed on a few main stretches of communication leaving a large portion of the Global Population underserved. NRENs have a crucial role to play here as Science and Education is becoming increasingly global and need to reach places all over the planet also places that is not in the current CDN network area focus.

Within the next 5 years we will see a rise of a new Low Earth Orbit satellite-based communication offerings from a small number of satellite companies like LEOSAT, SPACE-X and ONEWORLD. The phase of satellites seems focus on lower latitudes and hence not covering the Polar region as we had hoped for to secure better coverage in this region. NORDUnet and other Global partners are planning to have collaborative talks with these new telecommunication players that together with the CDN will foster major changes in the telecommunication marked over the coming years.

NeIC & EOSC Initiatives

NeIC is the Nordic e-Infrastructure Collaboration and facilitates the development of advanced IT tools and services in areas of importance to Nordic researchers and coordinates the Nordic participation in the LHC Project.

Management commentary

NORDUnet provides a number of operational resources and coordination services for NEIC in addition to providing the Nordic High Energy Physics backbone and the connectivity to CERN that peaks close to 44 Gbits/sec. It is expected that the LHC community requirement will increase when the CERN instrument is being upgraded in 2019 and 2020.

Together with NeIC and the Nordic NRENS NORDUnet entered into a proposal for the Nordic Open Science Cloud – a Initiative to integrate with the European Open Science Cloud. The Nordic Open Science Cloud proposal passed the evaluation process with high remarks.

The Nordic countries are also collaborating for a Pre Exascale Proposal for the Euro HPC project with NORDUnet delivering essential network infrastructure for the proposal.

OUTLOOK 2019-2022

The overall development for NORDUnet A/S for 2019 is expected to be in line with 2018 – NORDUnet and the Nordic NRENS have collectively agreed on future NextGet Network strategy eliminating duplicate infrastructure and increasing resiliency in the Nordic Region – The first phase of the NORDUnet NextGen Network architecture will begin implementation during 2019 and will reach final structure before 2022. This will lead to significant shift in paradigm with respect to Network architecture and division of cost. This will also have major impact on Nordic Network operation that require tight integration of the Network Operation of the Nordic NREN and NORDUnet.

BRANCH OUTSIDE DENMARK

NORDUnet A/S has a branch in Stockholm, Sweden.

Events after the balance sheet date

With the agreement with The Swedish Research Council/SUNET the activities of the Swedish branch have been transferred to SUNET on 2nd January 2019 and the Legal entity will be dissolved during 2019.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 EUR</u>	<u>2017 EUR</u>
Revenue		18.642.718	17.016.070
Cost of sales		(8.609.015)	(7.641.739)
Other external expenses		<u>(3.443.217)</u>	<u>(3.531.727)</u>
Gross profit/loss		6.590.486	5.842.604
Staff costs	2	(3.950.524)	(3.955.498)
Depreciation, amortisation and impairment losses		<u>(1.821.314)</u>	<u>(1.868.829)</u>
Operating profit/loss		818.648	18.277
Other financial income		145.931	136.631
Other financial expenses		<u>(293.158)</u>	<u>(216.133)</u>
Profit/loss before tax		671.421	(61.225)
Tax on profit/loss for the year	3	<u>(150.656)</u>	<u>34.811</u>
Profit/loss for the year	4	<u>520.765</u>	<u>(26.414)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 EUR</u>	<u>2017 EUR</u>
Other fixtures and fittings, tools and equipment		1.966.584	3.060.662
Property, plant and equipment	5	<u>1.966.584</u>	<u>3.060.662</u>
Deposits		202.807	193.928
Fixed asset investments	6	<u>202.807</u>	<u>193.928</u>
Fixed assets		<u>2.169.391</u>	<u>3.254.590</u>
Trade receivables		6.281.693	5.509.060
Deferred tax	7	282.030	197.585
Other receivables		4.264	0
Income tax receivable		0	39.728
Prepayments	8	2.368.113	2.037.938
Receivables		<u>8.936.100</u>	<u>7.784.311</u>
Cash		<u>1.672.924</u>	<u>2.752.952</u>
Current assets		<u>10.609.024</u>	<u>10.537.263</u>
Assets		<u>12.778.415</u>	<u>13.791.853</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 EUR</u>	<u>2017 EUR</u>
Contributed capital		1.493.177	1.497.670
Retained earnings		1.800.758	1.283.846
Equity		3.293.935	2.781.516
Finance lease liabilities		252.811	390.722
Other payables		0	682.042
Non-current liabilities other than provisions	9	252.811	1.072.764
Current portion of long-term liabilities other than provisions	9	1.031.806	1.373.245
Bank loans		0	40.015
Trade payables		1.734.856	1.353.399
Income tax payable		148.573	0
Other payables		3.155.076	3.440.874
Deferred income	10	3.161.358	3.730.040
Current liabilities other than provisions		9.231.669	9.937.573
Liabilities other than provisions		9.484.480	11.010.337
Equity and liabilities		12.778.415	13.791.853
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	11		
Transactions with related parties	12		

Statement of changes in equity for 2018

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1.497.670	1.283.846	2.781.516
Exchange rate adjustments	(4.493)	(3.853)	(8.346)
Profit/loss for the year	0	520.765	520.765
Equity end of year	1.493.177	1.800.758	3.293.935

Cash flow statement 2018

	<u>Notes</u>	<u>2018 EUR</u>	<u>2017 EUR</u>
Operating profit/loss		818.648	18.277
Amortisation, depreciation and impairment losses		1.821.314	1.868.829
Receivables		(709.089)	(1.118.588)
Prepayments		(330.175)	345.144
Payables		95.659	(1.046.414)
Deferred income		(568.682)	195.756
Other adjustments		2.370	(5.186)
Cash flow from ordinary operating activities		1.130.045	257.818
Financial income received		145.931	136.631
Financial income paid		(293.158)	(216.133)
Income taxes refunded/(paid)		(123.816)	0
Cash flows from operating activities		859.002	178.316
Acquisition etc of property, plant and equipment		(744.067)	(1.158.999)
Sale of fixed asset investments		11.120	1.708
Deposits		(9.824)	(1.703)
Cash flows from investing activities		(742.771)	(1.158.994)
Instalments on loans etc		(985.116)	(947.913)
Incurrence of lease obligations		187.837	523.050
Reduction of lease commitments		(358.965)	(422.303)
Cash flows from financing activities		(1.156.244)	(847.166)
Increase/decrease in cash and cash equivalents		(1.040.013)	(1.827.844)
Cash and cash equivalents beginning of year		2.712.937	4.540.781
Cash and cash equivalents end of year		1.672.924	2.712.937
Cash and cash equivalents at year-end are composed of:			
Cash		1.672.924	2.752.952
Short-term debt to banks		0	(40.015)
Cash and cash equivalents end of year		1.672.924	2.712.937

Notes

1. 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.

	2018	2017
	EUR	EUR
2. Staff costs		
Wages and salaries	3.586.998	3.567.592
Pension costs	70.907	71.206
Other social security costs	248.164	292.955
Other staff costs	44.455	23.745
	3.950.524	3.955.498
Average number of employees	38	39

Pursuant to section 98b (3)(2) of the Danish Financial Statements Act, the remuneration to Management has not been disclosed separately.

	2018	2017
	EUR	EUR
3. Tax on profit/loss for the year		
Tax on current year taxable income	235.855	28.104
Change in deferred tax for the year	(85.199)	(62.915)
	150.656	(34.811)
4. Proposed distribution of profit/loss		
Retained earnings	520.765	(26.414)
	520.765	(26.414)

Notes

	Other fixtures and fittings, tools and equipment EUR
	<u>EUR</u>
5. Property, plant and equipment	
Cost beginning of year	10.481.205
Exchange rate adjustments	(21.830)
Additions	744.067
Disposals	<u>(50.174)</u>
Cost end of year	<u>11.153.268</u>
Depreciation and impairment losses beginning of the year	(7.420.543)
Exchange rate adjustments	22.260
Depreciation for the year	(1.838.575)
Reversal regarding disposals	<u>50.174</u>
Depreciation and impairment losses end of the year	<u>(9.186.684)</u>
Carrying amount end of year	<u>1.966.584</u>
Recognised assets not owned by entity	<u>532.295</u>
	<u>Deposits EUR</u>
6. Fixed asset investments	
Cost beginning of year	193.928
Exchange rate adjustments	(581)
Additions	<u>9.460</u>
Cost end of year	<u>202.807</u>
Carrying amount end of year	<u>202.807</u>

Notes

	2018
	EUR
7. Deferred tax	
Changes during the year	
Beginning of year	196.831
Recognised in the income statement	85.199
End of year	282.030

8. Prepayments

Prepayments comprise incurred cost relating to subsequent financial years such as subscriptions, membership fees, service agreements and insurance.

	Instalments within 12 months 2018 EUR	Instalments within 12 months 2017 EUR	Instalments beyond 12 months 2018 EUR
9. Liabilities other than provisions			
Finance lease liabilities	345.112	380.318	252.811
Other payables	686.694	992.927	0
	1.031.806	1.373.245	252.811

There are no long-term liabilities that are due five years after the balance sheet date.

10. Deferred income

Deferred income comprises received income for recognition in subsequent financial years.

	2018	2017
	EUR	EUR
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.609.666	1.808.742

12. Transactions with related parties

In relation to the Danish Statement Act §98c, section 7 non-arm's length transactions with related parties should be disclosed. There has not been completed any transactions on non-arm's length with related parties in the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

The accounting policies applied to these 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.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Accounting policies

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 salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income and net capital gains on payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and net capital losses on payables and transactions in foreign currencies.

Tax on profit/loss for the year

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

Balance sheet

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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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

Accounting policies

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.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Income tax receivable or payable

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

Deferred income

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

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, 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.