

NORDUnet A/S

Kastruplundgade 22, 1.

2770 Kastrup

Central Business Registration No

17490346

Annual report 2019

The Annual General Meeting adopted the annual report on 21.04.2020

Chairman of the General Meeting

Name: René Michelsen

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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: 01.01.2019 - 31.12.2019

Phone: +4532462500

Website: www.nordu.net

Board of Directors

Maria Sofia Häll
Jón Ingi Einarsson
Tom Are Røtting
Steen Pedersen
Pekka Ilmari 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 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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

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

Kastrup, 27.03.2020

Executive Board

René Buch

Board of Directors

Maria Sofia Häll

Jón Ingi Einarsson

Tom Are Røtting

Steen Pedersen

Pekka Ilmari 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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 27.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Nikolaj Erik Johnsen

State Authorised Public Accountant

Identification number (MNE) mne35806

Management commentary

	2019	2018	2017	2016	2015
	<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	15.943	18.643	17.016	18.281	16.056
Gross profit/loss	4.708	6.590	5.843	6.631	5.717
Operating profit/loss	482	819	18	392	313
Net financials	(82)	(147)	(80)	(284)	(43)
Profit/loss for the year	257	521	(26)	137	206
Total assets	12.042	12.778	13.792	15.501	11.140
Investments in property, plant and equipment	2.115	744	1.159	1340	4.712
Equity	3.550	3.294	2.782	2.812	1.905
Ratios					
Return on equity (%)	7,5	17,1	(0,9)	5,8	11,4
Equity ratio (%)	29,5	25,8	20,2	18,1	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 2019 shows revenue of EUR 15.942.643,- which is EUR 315.897,- lower than the budgeted EUR 16.258.540,- mainly due to less than expected growth rate in Media Services due to delays in procurement and implementation of a new storage system causing delay in launching new media management services.

The overall financial result before taxes is a profit of EUR 399.813,- which is EUR 510.030,- better than the budgeted deficit of EUR -110.217,-

The Profit and the actual improvement over Budget are due to a number of factors:

- Lower number of FTEs resulting in lower staff cost.
- Delays in the tender process for the Next Gen Network resulting in expenses and investments being postponed from 2019 to 2020/2021.
- Delays in new leasing contracts due to replacement of financing facilities from IBM to Société Générale/Juniper, resulting in reduced costs.
- Currency exchange differences.

The balance sheet shows a shareholders' equity of EUR 3.549.695,- as of 31st December 2019.

GENERAL REMARKS

The NORDUnet operational organization has performed very well during 2019 with clear focus on structural streamlining, documentation and user satisfaction.

The European activities of NORDUnet centered around the GÉANT Project have been maintained at the high commitment level during 2019 with a significant involvement of the Nordic NREN community.

NORDUnet is actively participating in the third phase of the GN4 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 NORDUnet's cost of the overall GÉANT contribution.

NORDUnet is also actively encouraging GÉANT to support research and tests with Network Virtualization and Automation including the potential of Machine Learning and AI in Network Operation.

The global collaboration efforts of NORDUnet have during 2019 maintained the leading role of NORDUnet in several international activities within the Global NREN CEO Forum working groups, Leading Global partners like Internet2, CANARIE, AARNet, ESnet, and NSF and including significant contributions to the [IN THE FIELDS](#)

Management commentary

[STORIES WEBPAGE](#) website, the Global Network Architecture work <https://gna-re.net>, and the emerging NREN knowledge exchange program.

The close participation in enabling and facilitating global collaboration ensures that Nordic Researchers and Students have access to any global user, anytime, anywhere in line with the NORDUnet Strategy.

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.

The NORDUnet Finance department has 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 the NORDUnet financial services capability.

During 2019, NORDUnet successfully completed the transition of the NORDUnet Finance department triggered by the divesting of the Swedish Branch to The Swedish Research Council and the replacement of the former CFO due to natural retirement. This transition has been completed successfully without business impact.

NORDUNET STRATEGY WORK

During 2019, the NORDUnet Board spent significant time and energy in developing the new NORDUnet strategy for the period 2020 to 2025 under the headline

“Enable World-Class Research and Education through Nordic Collaboration”

Leading towards a number of Strategic Priorities and Breakthrough Targets:

1. Increase Value for Customers

- 1.1 Create added value by facilitating Nordic collaboration.
- 1.2 Provide future infrastructure and services based on NREN needs.
- 1.3 Deliver state of the art efficiency, quality and operation.

2. Leverage Nordic Strength

- 2.1 Drive international initiatives in collaboration with NRENs.
- 2.2 Act on the disruptive forces on the Telecommunications market.
- 2.3 Develop other investment funding models and cost efficiency for NRENs.

3. Develop Future Competences

- 3.1 Develop a clear Governance Model for efficient strategy implementation.
- 3.2 Develop processes and working practices in collaboration with NRENs.
- 3.3 Strengthen our Nordic knowledge base by pooling key competences.

As part of the strategy process, several new initiatives have been initiated:

- Focusing the Board more on overall strategic initiatives,

Management commentary

- Creating a Customer Advisory Group to improve communication, collaboration, and alignment between the NRENS and NORDUnet to ensure customer satisfaction, and
- Allocation of 8% of the NORDUnet budget to achieve the above-mentioned strategic priorities.

In addition, the Board also initiated an extensive Cultural Playbook exercise to set a common playing field for increased Nordic collaboration.

NORDIC COLLABORATION

Facilitating and coordinating Nordic collaboration, both within the Nordics 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 / operational field this was previously done through the Nordic CTO Forum, this has now been folded into the Customer Advisory Group, and
- Within video conferencing, lecture capturing and streaming this is done through the 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 Collaboration are being identified and groups within these areas will be established when needed.

NORDIC NETWORK OPERATION

NORDUnet have restructured the Network Operations organization to meet the requirement of the Next Gen Network operations. In addition, NORDUnet is taking care of Media and related ICT services for all Nordic NRENS.

The Nordic optical backbone network has in 2019 operated with an availability of 100% for all redundant connected services in Copenhagen, Stockholm, Oslo, Helsinki, and Reykjavik.

The peak traffic from the Nordic NRENS has, on several occasions, passed the 205 Gbit/sec, which is a peak traffic increase of 28 % from 160 Gbit/sec in 2018.

The peak traffic from all NORDUnet connected customers throughout in 2019 reached peaks around 250 Gbit/sec, which is an increase of 22% from 205 Gbit/sec in 2018.

The global transit links towards the USA and the Far East have operated at 100 % availability during 2019.

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

Management commentary

INTERNATIONAL CONNECTIVITY

The main international connectivity for 2019 was:

- The Advanced North Atlantic "ANA" production network, established in 2014, is a triple 100 Gbit/s trans-Atlantic system for research and education. Together with Internet2 (US), SURFnet (NL), GÉANT, and CANARIE (CA), NORDUnet have procured three trans-Atlantic 100 Gbit/sec (ANA-300G) links 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 Gbit/sec link provided by the NSF (US) funded NEAAR Project, resulting in a 400 Gbit/sec trans-Atlantic system.

ESnet (US) are complementing the 400 Gbit/s system, with its own transatlantic capacity of 400 Gbit/s, enabling both ANA and ESnet 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 in Europe and North America.

The ANA System's architecture is now 6 years old, and is being revised. A blueprint for ANA Next Generation is being drafted, aiming at more bandwidth and resilience at the most advantageous price points, fully leveraging joint buying power. The ANA System version 2.0 is currently under development and will be realized during the next 1-3 years, focusing on opportunities that secure the needed redundancy and increased capacity requirements.

- With the lessons learned from ANA, NORDUnet has entered into a consortium with GÉANT, AARNet, SingAREN, SURFnet and TEIN. This consortium established the first 100G link between Europe and Asia and 2018 and 2019 were the years in which the consortium model proved to be a key collaboration instrument, as we managed to secure a contract for connectivity between London and Singapore at a very favorable price for a 15-year period, with optional upgrade possibilities. This collaboration is called CAE-1.

The London-Singapore link is being backed up by a link between Tokyo and Amsterdam, implemented by NII/SINET from Japan. Together with the Singapore - Hong Kong - Tokyo - Singapore Ring, the entire system is resilient. This system is known as AER.

- GÉANT is an important network collaboration in Europe that interconnect a large number of European and international partners. The NORDUnet traffic to GÉANT counts for about 9% of the external NORDUnet traffic.

The ANA framework paradigm and the lessons from CAE-1 are now being replicated by partners Trans Pacific, and between Africa and South America.

The above developments clearly show 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.

Management commentary

During 2019, 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 2019 divided between:

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

During 2019, the majority of the traffic growth of 28% is centered around Research and Education traffic more than on the growth of general internet connectivity which is a factor of the major changes to the telecommunication marketplace.

CHANGES TO THE TELECOMMUNICATION MARKET PLACE INFLUENCE INTERNET CONNECTIVITY

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 focused 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 are not in the current CDN network area focus.

Due to the changes in the telecommunication marketplace and the rise of Content Distribution Networks, the requirement for Internet Transit has leveled off during 2019 due to the implementation of in-region CDN caches with peaks close to 200 Gbit/sec and still counts for 80% of the total traffic volume.

This demonstrates that the European, USA and Asia 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 and Research Connectivity needs of the Nordic users with the current budget limitations.

As part of this strategy, NORDUnet has major private peerings 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 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 160 Gbit/sec to 205 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.

Management commentary

INCREASED REQUIREMENT FROM THE RESEARCH AND EDUCATION COMMUNITY

This shift in paradigm mentioned above will influence the future network strategy involving more international NREN collaboration on the network side as the global network requirement of Science and Education cannot be satisfied by commercial operators.

The overall traffic increase of 28% from 2018 to 2019 is mainly due to the increase in traffic within the Research and Education Community, due to a number of major factors:

- The usage of online learning platforms and the use of high- quality video in education is increasing dramatically,
- Scientific collaboration is becoming increasingly global,
- Large scientific instruments are producing larger and larger datasets, and
- The scientific ability to collect data globally using large sensor network will increase over the coming years and larger datasets and a requirement for remote network reach.

This requires a number of key initiatives from the global NREN community including NORDUnet and the Nordic NRENS:

- Secure adequate international capacity handling the large amount of data that is and will have to be transported globally, and
- Secure an ability to support remote scientific instruments.

Here, two strategies are important:

- Participate in building a coherent global infrastructure based on optical fiber or spectrum to secure sufficient capacity.
 - NORDUnet is involved in a number of international initiatives, including the NORDUnet-led Arctic Connect project aiming at securing an NREN owned and operated fiber pair on a new Arctic cable system connecting Europe with Asia and the West Coast of North America.
- Within the next 5 years we will see a rise of new Low Earth Orbit satellite-based communication offerings from satellite companies like Starlink (SpaceX) and OneWeb.

While Starlink's first phase of satellites seems to focus on lower latitudes and hence not covering the Polar region as we had hoped for, to secure better coverage in this region, OneWeb will have Polar orbits making increased connectivity to the Arctic and Antarctic region a possibility from 2023 onwards.

NORDUnet and other global partners are having collaborative talks with these new telecommunication players that together with the CDN will foster major changes in the telecommunication market over the coming years.

Management commentary

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.

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 Gbit/sec. It is expected that the LHC community requirement will increase when the CERN instrument is being upgraded during 2019 and 2020.

Together with NeIC and the Nordic NRENs, NORDUnet entered into a proposal for the Nordic Open Science Cloud – an initiative to integrate with the European Open Science Cloud. The Nordic Open Science Cloud proposal passed the evaluation process with high marks.

The Nordic countries are also collaborating within the LUMI Project that will build a pre-exascale facility in Finland in the context of EuroHPC, with NORDUnet and the Nordic NRENs delivering essential network infrastructure for the proposal.

MEDIA SERVICES

NORDUnet operates a number of media services for the Nordic NRENs to ensure economy of scale:

- **Zoom is an online meeting and collaboration platform** that NORDUnet launched together with the Nordic NRENs in 2018.

The amount of institutions serviced increased from 57 to 76 during 2019, which is an increase of 34%.

The number of meetings increased from 3.500/week to 11.000/week during 2019, which is an increase of 314%.

The number of meeting minutes increased from 900.000 minute/week to 3,800,009 minute/week during 2019, which is an increase of 422%.

The economy of scale for the Zoom services is significant as NORDUnet is able to produce the service at a very favorable price over the commercial market due to the significant economy of scale.

- **Kaltura is an online video and content management platform** that NORDUnet launched together with the Nordic NRENs in 2018.

The Kaltura service uptake has increased from 43 Nordic institutions to 47 during 2019.

Usage of the service has increased on all parameters:

- The number of views has increased from 1.2 million views/month to 3.9 million views/month, which is an increase of 325%.
- The storage used in platform has increased to almost 300 Terabytes and is currently increasing with 10-15 Terabytes per month and the growth trend is increasing.

Management commentary

- **Adobe Connect Service** usage is declining, as users are migrating over to Zoom.
- **The Panopto Service** was launched late 2019 and is currently in the startup phase.

OUTLOOK 2020-2023

The overall development for NORDUnet A/S for 2020 is expected to be in line with 2019 – NORDUnet and the Nordic NRENS have collectively agreed on the future NextGen Network strategy, eliminating duplicate infrastructure and increasing resiliency in the Nordic Region.

The first phases of the NORDUnet Next Gen Network architecture began implementation during 2019 and will reach the final structure before 2022.

This will lead to a significant shift in paradigm with respect to network architecture and the division of cost. This will also have major impact on Nordic network operations that require tight integration of the network operations of the Nordic NRENS and NORDUnet.

BRANCH OUTSIDE DENMARK

NORDUnet A/S has a branch in Stockholm, Sweden. With the agreement with The Swedish Research Council/SUNET, the activities of this branch have been transferred to SUNET on 2nd January 2019. As of this date all operations were discontinued. For tax reasons a non-operational entity will have to remain active.

Events after the balance sheet date

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 2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR</u>
Revenue		15.942.643	18.642.718
Cost of sales		(7.651.759)	(8.609.015)
Other external expenses		<u>(3.582.813)</u>	<u>(3.443.217)</u>
Gross profit/loss		4.708.071	6.590.486
Staff costs	2	(3.301.983)	(3.950.524)
Depreciation, amortisation and impairment losses		<u>(924.422)</u>	<u>(1.821.314)</u>
Operating profit/loss		481.666	818.648
Other financial income		155.681	145.931
Other financial expenses		<u>(237.534)</u>	<u>(293.158)</u>
Profit/loss before tax		399.813	671.421
Tax on profit/loss for the year	3	<u>(142.994)</u>	<u>(150.656)</u>
Profit/loss for the year	4	<u>256.819</u>	<u>520.765</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR</u>
Other fixtures and fittings, tools and equipment		2.388.208	1.966.584
Property, plant and equipment	5	<u>2.388.208</u>	<u>1.966.584</u>
Deposits		200.693	202.807
Fixed asset investments	6	<u>200.693</u>	<u>202.807</u>
Fixed assets		<u>2.588.901</u>	<u>2.169.391</u>
Trade receivables		806.028	6.281.693
Deferred tax	7	235.351	282.030
Other receivables		396.327	4.264
Income tax receivable		107.063	0
Prepayments	8	2.092.516	2.368.113
Receivables		<u>3.637.285</u>	<u>8.936.100</u>
Cash		<u>5.815.710</u>	<u>1.672.924</u>
Current assets		<u>9.452.995</u>	<u>10.609.024</u>
Assets		<u>12.041.896</u>	<u>12.778.415</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR</u>
Contributed capital		1.492.697	1.493.177
Retained earnings		2.056.998	1.800.758
Equity		3.549.695	3.293.935
Bank loans		159.098	0
Finance lease liabilities		534.396	252.811
Other payables	9	102.040	0
Non-current liabilities other than provisions	10	795.534	252.811
Current portion of long-term liabilities other than provisions	10	648.452	1.031.806
Trade payables		2.532.197	1.734.856
Income tax payable		0	148.573
Other payables		4.500.959	3.155.076
Deferred income	11	15.059	3.161.358
Current liabilities other than provisions		7.696.667	9.231.669
Liabilities other than provisions		8.492.201	9.484.480
Equity and liabilities		12.041.896	12.778.415
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	12		
Transactions with related parties	13		

Statement of changes in equity for 2019

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1.493.177	1.800.758	3.293.935
Exchange rate adjustments	(480)	(579)	(1.059)
Profit/loss for the year	0	256.819	256.819
Equity end of year	1.492.697	2.056.998	3.549.695

Cash flow statement 2019

	<u>Notes</u>	<u>2019 EUR</u>	<u>2018 EUR</u>
Operating profit/loss		481.666	818.648
Amortisation, depreciation and impairment losses		924.422	1.821.314
Receivables		5.479.929	(709.089)
Prepayments		275.597	(330.175)
Payables		1.848.937	95.659
Deferred income		(3.146.299)	(568.682)
Other adjustments		<u>(639)</u>	<u>2.370</u>
Cash flow from ordinary operating activities		5.863.613	1.130.045
Financial income received		155.681	145.931
Financial income paid		(237.534)	(293.158)
Income taxes refunded/(paid)		<u>(107.610)</u>	<u>(123.816)</u>
Cash flows from operating activities		5.674.150	859.002
Acquisition etc of property, plant and equipment		(2.115.383)	(744.067)
Sale of fixed asset investments		526.249	11.120
Deposits		<u>0</u>	<u>(9.824)</u>
Cash flows from investing activities		(1.589.134)	(742.771)
Loans raised		260.861	0
Instalments on loans etc		(686.816)	(985.116)
Incurrence of lease obligations		1.035.394	187.837
Reduction of lease commitments		<u>(551.669)</u>	<u>(358.965)</u>
Cash flows from financing activities		57.770	(1.156.244)
Increase/decrease in cash and cash equivalents		4.142.786	(1.040.013)
Cash and cash equivalents beginning of year		<u>1.672.924</u>	<u>2.712.937</u>
Cash and cash equivalents end of year		5.815.710	1.672.924

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.

	2019	2018
	EUR	EUR
2. Staff costs		
Wages and salaries	3.218.682	3.586.998
Pension costs	21.339	70.907
Other social security costs	26.791	248.164
Other staff costs	35.171	44.455
	3.301.983	3.950.524
Average number of employees	29	38

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

	2019	2018
	EUR	EUR
3. Tax on profit/loss for the year		
Tax on current year taxable income	96.383	235.855
Change in deferred tax for the year	46.611	(85.199)
	142.994	150.656
4. Proposed distribution of profit/loss		
Retained earnings	256.819	520.765
	256.819	520.765

Notes

	Other fixtures and fittings, tools and equipment EUR
	<u>EUR</u>
5. Property, plant and equipment	
Cost beginning of year	11.153.268
Exchange rate adjustments	(13.189)
Additions	2.115.383
Disposals	<u>(1.500.281)</u>
Cost end of year	<u>11.755.181</u>
Depreciation and impairment losses beginning of the year	(9.186.684)
Exchange rate adjustments	12.558
Depreciation for the year	(1.564.348)
Reversal regarding disposals	<u>1.371.501</u>
Depreciation and impairment losses end of the year	<u>(9.366.973)</u>
Carrying amount end of year	<u>2.388.208</u>
Recognised assets not owned by entity	<u>1.064.872</u>
	Deposits EUR
	<u>EUR</u>
6. Fixed asset investments	
Cost beginning of year	202.807
Exchange rate adjustments	<u>(2.114)</u>
Cost end of year	<u>200.693</u>
Carrying amount end of year	<u>200.693</u>
	2019 EUR
	<u>EUR</u>
7. Deferred tax	
Changes during the year	
Beginning of year	282.030
Recognised in the income statement	<u>(46.679)</u>
End of year	<u>235.351</u>

Notes

8. Prepayments

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

	2019	2018
	EUR	EUR
9. Other long-term payables		
Holiday pay obligation	102.040	0
	102.040	0

	Instalments within 12 months 2019 EUR	Instalments within 12 months 2018 EUR	Instalments beyond 12 months 2019 EUR
10. Liabilities other than provisions			
Bank loans	101.633	0	159.098
Finance lease liabilities	546.819	345.112	534.396
Other payables	0	686.694	102.040
	648.452	1.031.806	795.534

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

11. Deferred income

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

	2019	2018
	EUR	EUR
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.585.275	1.609.666

13. 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.

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.

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.

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.