

**Schantz A/S**  
Kigkurren 10  
2300 Copenhagen S  
Central Business Registration No  
21276308

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 13.02.2017

### **Chairman of the General Meeting**

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Name: Jesper Essendrop

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## Entity details

### Entity

Schantz A/S  
Kigkurren 10  
2300 Copenhagen S

Central Business Registration No: 21276308

Founded: 01.05.1998

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Phone: 33321984

Website: schantz.com

E-mail: info@schantz.com

### Board of Directors

Kurs Nørrisgaard, Chairman

Lars Klepsch, Vice-chairman

Morten Brøgger

Jeanette Fangel Løgstrup

Martin Poulsen

Alex Tingkær

### Executive Board

Jesper Essendrop, CEO

Stiig Berg Andersen, COO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 Copenhagen 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 Schantz A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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.

Copenhagen, 06.02.2017

### Executive Board

Jesper Essendrop  
CEO

Stiig Berg Andersen  
COO

### Board of Directors

Kurs Nørrisgaard  
Chairman

Lars Klepsch  
Vice-chairman

Morten Brøgger

Jeanette Fangel Løgstrup

Martin Poulsen

Alex Tingkær

# Independent auditor's report

## To the shareholders of Schantz A/S

### Opinion

We have audited the financial statements of Schantz A/S for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 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, 06.02.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Lars Kronow

State-Authorised Public Accountant

## Management commentary

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	129.717	103.230	74.152	58.157	61.712
Operating profit/loss	14.203	11.848	(6.441)	(2.755)	9.108
Net financials	1.178	381	(804)	382	2.056
Profit/loss for the year	10.784	8.624	20.404	(1.782)	8.367
Total assets	161.204	168.634	134.217	87.281	64.111
Investments in property, plant and equipment	835	345	1.761	1.232	963
Equity	117.219	106.435	97.810	37.405	39.187
Employees in average	149	111	99	71	65
<b>Ratios</b>					
Return on equity (%)	9,6	8,4	30,2	(4,7)	23,9
Equity ratio (%)	72,7	63,1	72,9	42,9	61,1

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

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 company's activity is to develop and maintain software for the financial industry.

Schantz has three overall solutions:

- Schantz Life is a modular wall-to-wall standard solution with built in business processes, strong support for digitalisation of the customer experience, product flexibility and efficient policy administration within the Life & Pension industry
- Schantz Advice is a product suite covering advanced advisory solution for holistic financial planning, wealth management, pension and budget planning including simulations of a customer's overall finances through a self-service portal
- Schantz Valuation is a fully flexible calculation kernel for use in generating cash flows, market provisions and stress tests in connection with life insurance and pension providers' legal obligations including Solvency II.

### Development in activities and finances

Schantz has throughout 2016 continued its growth, which is reflected in the company's gross profit amounting to DKK 129,717k. This is an increase of 26% compared to 2015, when the gross profit amounted to DKK 103,231k.

The operating profit for 2016 totals DKK 14,203k (2015: a loss of DKK 11,848k).

Profit for the year amounts to DKK 10,784k (2015: DKK 8,624k).

### Profit/loss for the year in relation to expected developments

In the Annual Report for 2015 the expectations to 2016 were stated as "increased activity" and "growth in gross profit". These expectations have been met with growth in gross profit of 26%.

### Outlook

Schantz expects to continue the activity growth in 2017 with increases in both gross margin and total net cash flow from operations and investments.

### Intellectual capital resources

Schantz' future earnings depend on the knowledge acquired by the employees. In 2016 the company focused massively on the professional development of all employees in terms of their daily work and ongoing professional discussions. In addition, Schantz introduced a more structured professional development process that included both an internal mentoring process and relevant external education and training for the employees.

In October 2016 Schantz participated in Great Place to Work's annual employee survey in which Danish companies are measured on dimensions such as credibility, respect, pride, camaraderie and fairness. With a score above 80% in each of the five dimensions Schantz achieved a Great Place to Work Certification.

## Management commentary

### Research and development activities

Ongoing development activities are taking place to support the activities in the Danish and Dutch markets. In 2016 Schantz capitalised DKK 33.623k in development costs (2015: DKK 21.694k), which are allocated on three product areas as follows:

- Life: DKK 21.016k
- Advice: DKK 8.988k
- Valuation: DKK3.619k

Investments in the Life platform include the development of complimentary functionalities to the current solution. The existing product road map will be fully developed in the first half of 2017 after which Schantz Life will become a feature-complete Life solution supporting the administrative processes of pension companies. The solution will also form the basis for Schantz' internationalisation efforts.

The development of Advice solutions includes multiple components to support a 360-degree holistic financial advisory that will strengthen future sales opportunities, both in Denmark and internationally.

The capitalised development costs related to Valuation mainly cover the development of a complementary module for risk management. A solution that expands the sales opportunities of Valuation in the Danish market, and which will form the basis for sales outside the Danish market in the long term.

In addition, Schantz has particularly in the Advice area conducted a series of product development activities charged to the income statement.

Schantz expects to carry out development activities at a lower level in 2017.

### 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.

## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
<b>Gross profit</b>		<b>129.717</b>	<b>103.230</b>
Staff costs	1	(93.924)	(74.042)
Depreciation, amortisation and impairment losses	2	<u>(21.590)</u>	<u>(17.340)</u>
<b>Operating profit/loss</b>		<b>14.203</b>	<b>11.848</b>
Other financial income	3	1.295	527
Other financial expenses		<u>(117)</u>	<u>(146)</u>
<b>Profit/loss before tax</b>		<b>15.381</b>	<b>12.229</b>
Tax on profit/loss for the year	4	<u>(4.597)</u>	<u>(3.605)</u>
<b>Profit/loss for the year</b>	5	<u><b>10.784</b></u>	<u><b>8.624</b></u>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Completed development projects		30.516	22.191
Acquired rights		4.267	6.467
Goodwill		19.896	22.844
Development projects in progress		21.538	11.527
<b>Intangible assets</b>	6	<b>76.217</b>	<b>63.029</b>
Other fixtures and fittings, tools and equipment		1.707	1.980
Leasehold improvements		26	71
<b>Property, plant and equipment</b>	7	<b>1.733</b>	<b>2.051</b>
Deferred tax		6.805	15.505
<b>Fixed asset investments</b>		<b>6.805</b>	<b>15.505</b>
<b>Fixed assets</b>		<b>84.755</b>	<b>80.585</b>
Trade receivables		30.906	38.967
Contract work in progress		247	4.371
Receivables from group enterprises		34.675	30.755
Other receivables		2	3
Prepayments	8	1.046	1.200
<b>Receivables</b>		<b>66.876</b>	<b>75.296</b>
<b>Cash</b>		<b>9.573</b>	<b>12.753</b>
<b>Current assets</b>		<b>76.449</b>	<b>88.049</b>
<b>Assets</b>		<b>161.204</b>	<b>168.634</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital	9	41.166	41.166
Reserve for development expenditure		24.051	0
Retained earnings		<u>52.002</u>	<u>65.269</u>
<b>Equity</b>		<b><u>117.219</u></b>	<b><u>106.435</u></b>
Contract work in progress		3.606	26.459
Trade payables		5.476	8.269
Other payables		33.711	26.372
Deferred income	10	<u>1.192</u>	<u>1.099</u>
<b>Current liabilities other than provisions</b>		<b><u>43.985</u></b>	<b><u>62.199</u></b>
<b>Liabilities other than provisions</b>		<b><u>43.985</u></b>	<b><u>62.199</u></b>
<b>Equity and liabilities</b>		<b><u>161.204</u></b>	<b><u>168.634</u></b>
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Related parties with controlling interest	14		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Reserve for development expenditure DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	41.166	0	65.269	106.435
Transfer to reserves	0	24.051	(24.051)	0
Profit/loss for the year	0	0	10.784	10.784
<b>Equity end of year</b>	<b>41.166</b>	<b>24.051</b>	<b>52.002</b>	<b>117.219</b>

## Cash flow statement 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Operating profit/loss		14.203	11.851
Amortisation, depreciation and impairment losses		21.590	17.340
Working capital changes	11	<u>(5.876)</u>	<u>(2.452)</u>
<b>Cash flow from ordinary operating activities</b>		<b>29.917</b>	<b>26.739</b>
Financial income received		1.295	527
Financial income paid		(117)	(146)
Income taxes refunded/(paid)		<u>2.516</u>	<u>8.051</u>
<b>Cash flows from operating activities</b>		<b><u>33.611</u></b>	<b><u>35.171</u></b>
Acquisition etc of intangible assets		(33.623)	(21.694)
Acquisition etc of property, plant and equipment		<u>(835)</u>	<u>(241)</u>
<b>Cash flows from investing activities</b>		<b><u>(34.458)</u></b>	<b><u>(21.935)</u></b>
Repayment of debt to group enterprises		<u>(2.333)</u>	<u>(9.393)</u>
<b>Cash flows from financing activities</b>		<b><u>(2.333)</u></b>	<b><u>(9.393)</u></b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(3.180)</b>	<b>3.843</b>
Cash and cash equivalents beginning of year		<u>12.753</u>	<u>8.910</u>
<b>Cash and cash equivalents end of year</b>		<b><u>9.573</u></b>	<b><u>12.753</u></b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	114.460	85.965
Pension costs	8.231	5.263
Other social security costs	808	926
Other staff costs	4.032	3.492
Staff costs classified as assets	(33.607)	(21.604)
	<b>93.924</b>	<b>74.042</b>
Average number of employees	<b>149</b>	<b>111</b>

	<b>Remunera- tion of manage- ment 2016 DKK'000</b>	<b>Remunera- tion of manage- ment 2015 DKK'000</b>
Executive Board	5.136	6.481
Board of Directors	300	300
	<b>5.436</b>	<b>6.781</b>

Directors' remuneration for 2016 will be paid by BEC.

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	20.435	16.183
Depreciation of property, plant and equipment	1.155	1.157
	<b>21.590</b>	<b>17.340</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Financial income arising from group enterprises	1.295	524
Interest income	0	3
	<b>1.295</b>	<b>527</b>



## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Tax on profit/loss for the year</b>		
Tax on current year taxable income	(4.092)	(2.505)
Change in deferred tax for the year	8.757	6.195
Adjustment concerning previous years	(68)	(85)
	<b>4.597</b>	<b>3.605</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Proposed distribution of profit/loss</b>		
Retained earnings	10.784	8.624
	<b>10.784</b>	<b>8.624</b>

	<b>Completed develop- ment projects DKK'000</b>	<b>Acquired rights DKK'000</b>	<b>Goodwill DKK'000</b>	<b>Develop- ment projects in progress DKK'000</b>
<b>6. Intangible assets</b>				
Cost beginning of year	38.055	11.000	29.023	11.527
Additions	23.612	0	0	33.623
Disposals	0	0	0	(23.612)
<b>Cost end of year</b>	<b>61.667</b>	<b>11.000</b>	<b>29.023</b>	<b>21.538</b>
Amortisation and impairment losses beginning of year	(15.864)	(4.533)	(6.179)	0
Amortisation for the year	(15.287)	(2.200)	(2.948)	0
<b>Amortisation and impairment losses end of year</b>	<b>(31.151)</b>	<b>(6.733)</b>	<b>(9.127)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>30.516</b>	<b>4.267</b>	<b>19.896</b>	<b>21.538</b>

### Development projects in progress

Development projects in progress relates to all three solutions, Life, Advice and Valuation. The majority of these projects are expected to be finalised in 2017.

## Notes

Development projects which meets the criteria for capitalisation are mainly aspects managed as projects which are invoiced to our customers. Capitalised developments costs are recognised based on project and time recordings.

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improve- ments DKK'000</b>
<b>7. Property, plant and equipment</b>		
Cost beginning of year	7.947	284
Additions	835	0
Disposals	(1.275)	0
<b>Cost end of year</b>	<b>7.507</b>	<b>284</b>
Depreciation and impairment losses beginning of the year	(5.947)	(213)
Depreciation for the year	(1.110)	(45)
Reversal regarding disposals	1.257	0
<b>Depreciation and impairment losses end of the year</b>	<b>(5.800)</b>	<b>(258)</b>
<b>Carrying amount end of year</b>	<b>1.707</b>	<b>26</b>

## 8. Prepayments

This item concerns prepayments for sundry costs.

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
<b>9. Contributed capital</b>			
Aktiekapital	41.660	100	41.166
	<b>41.660</b>		<b>41.166</b>

## 10. Deferred income

This item primarily concerns pre-invoiced current licenses.

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>11. Change in working capital</b>		
Increase/decrease in receivables	12.340	(25.485)
Increase/decrease in trade payables etc	<u>(18.216)</u>	<u>23.033</u>
	<b><u>(5.876)</u></b>	<b><u>(2.452)</u></b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>12. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b><u>674</u></b>	<b><u>739</u></b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>13. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	1.871	1.871
Other contingent liabilities	<u>1.871</u>	<u>1.871</u>
<b>Contingent liabilities in total</b>	<b><u>3.742</u></b>	<b><u>3.742</u></b>

The Entity participates in a Danish joint taxation arrangement in which BEC a.m.b.a serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2013 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

### 14. Related parties with controlling interest

The following party holds a controlling interest in Schantz A/S:

Bankernes EDB Central a.m.b.a., Havsteensvej 4, 4000 Roskilde, Denmark.

Schantz A/S is incorporated in the consolidated financial statements of Bankernes EDB Central.

The Board of Directors and the Executive Board are considered related parties. Please refer to note 1 to the financial statements for information on remuneration.

In 2016, Schantz A/S has also had transactions with its Parent, BEC. These transactions primarily related to the development of IT systems. In addition, there have been loan transactions. Trading has taken place on an arm's length basis.

There has not been any other transactions during the year with members of the Board of Directors or the Executive Board or with management employees, the Parent, group enterprises or other related parties.

## 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.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### 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.

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).

#### 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.

## Accounting policies

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions and other external staff related cost for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets 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 and equipment.

### 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 gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as 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 losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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.

### Balance sheet

#### Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is 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 on an annual basis. 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 progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

## Accounting policies

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 is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. 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 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 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.

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

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

## Accounting policies

### 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.

### Receivables

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

### 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 project 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 as well as financing costs are recognised in the income statement as incurred.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### 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 plant and equipment.

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 and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash