Danoffice IT ApS

Englandsvej 14, DK-5700 Svendborg

Annual Report for 1 January - 31 December 2017

CVR No 21 37 07 38

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/4 2018

Allan Malmos Jeppesen
Chairman

Contents

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Danoffice IT ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Svendborg, 26 April 2018

Executive Board

Lars Baun Jensen CEO	Allan Malmos Jeppesen CFO

Independent Auditor's Report

To the Shareholder of Danoffice IT ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Danoffice IT ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company 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:

- 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 Company's and the Group'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 Group's and the Company'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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, 26 April 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam State Authorised Public Accountant mne27768	Bo Damgaard Hansen State Authorised Public Accountant mne34543

Company Information

The Company	Danoffice IT ApS Englandsvej 14 DK-5700 Svendborg CVR No: 21 37 07 38 Financial period: 1 January - 31 December Municipality of reg. office: Svendborg
Executive Board	Lars Baun Jensen Allan Malmos Jeppesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 DK-5000 Odense C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	600,428	499,713	690,465	436,779	502,445
Operating profit/loss	40,337	41,957	45,238	7,884	26,133
Profit/loss before financial income and expenses	40,304	40,221	44,123	7,222	25,723
Net financials	-11,466	2,787	4,828	5,001	-1,810
Net profit/loss for the year	21,812	32,279	36,167	12,926	20,041
Balance sheet					
Balance sheet total	247,108	190,649	190,048	176,921	169,011
Equity	68,231	67,858	62,107	60,418	67,592
Cash flows					
Cash flows from:					
- operating activities	4,691	13,322	11,183	8,566	26,695
- investing activities	-1,356	-2,467	-3,276	-1,101	-278
including investment in property, plant and equipment	-1,020	-135	-3,283	-2,028	-27
- financing activities	22,862	-30,397	-29,694	-18,337	-15,335
Change in cash and cash equivalents for the year	26,197	-19,542	-21,787	-10,872	11,082
Number of employees	59	60	63	69	65
Ratios					
Gross margin	12.5%	15.7%	11.0%	9.4%	11.1%
Profit margin	6.7%	8.0%	6.4%	1.7%	5.1%
Return on assets	16.3%	21.1%	23.2%	4.1%	15.2%
Solvency ratio	27.6%	35.6%	32.7%	34.1%	40.0%
Return on equity	32.1%	49.7%	59.0%	20.2%	28.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The Group's principal activities comprise of providing IT infrastructure and other high-technology solutions til international public institutions and international B2B customers.

Market overview

Development in activities and financial matters

The Group reported a profit of TDKK 21,812 (2016: TDKK 32.279), which management with the current market conditions finds satisfactory.

Revenue increased with 20,2% compared to last year and combined with a decrease in gross margin the EBITDA of TDKK 40,304 is in line with last year (2016: TDKK 40,221)
The Group was acquired by Belgravia Bidco ApS November 30th 2017.

Outlook

The Group expects a positive development in 2018 and operating profit level above the achieved 2017-level.

Risks

Currency risks

Due to activites abroad, profit, cash flows and equity are affected by the development in exchange rates and interest rates for a number of currencies. It is group policy to hedge commercial currency. Speculative currency transactions are not made.

Trade receivables

The Group's credit period is generally low, as the Group trades with emergency aid organizations. The payment pattern is typical of the industry. The required provision for bad debts has been mad and it is our assessment that trade receivables are not subject to any special risks.

Corporate Social Responsibility

The Group's polices, actions and results concerning human rights, labour, environment and anti-bribe are described in our Communication on progress reports which is submitted to UN's Global Compact and is available at the company web site www.danofficeit.com under www.danofficeit.com/corporate-information/corporate-responsibility.aspx

Management's Review

Goal and policies regarding gender quotation

The Group has an Executive board consisting of two male members. In the day-to-day Management of the Group, 25% are female and 75% are male. The Group has implemented a policy to have continues focus on the underrepresented gender in the management.

It is a long-term goal, that the underrepresented gender should represent 50% of the Group's total members of the Executive Board and Day-to-day business management.

To balance the gender, the Group strive at having minimum one of each gender represented among the last three candidates in the hiring process.

Research and development

The Group does not have any research and development activities.

Environment

The Group strives to respect the environment to fulfil the legal requirements at any time.

Events after the balance sheet date

No events have occurred after the balance sheet date affecting considerably the 2017 annual report.

Income Statement 1 January - 31 December

	Note	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Revenue	1	**600,428**	**499,713**	**498,783**	**476,903**
Other operating income		61	6	61	6
Expenses for raw materials and consumables		-510,349	-407,471	-424,235	-388,069
Other external expenses		-15,105	-13,885	-3,773	-11,515
Gross profit/loss		**75,035**	**78,363**	**70,836**	**77,325**
Staff expenses	2	-33,210	-35,199	-28,498	-29,288
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1,427	-1,201	-685	-178
Other operating expenses		-94	-1,742	-37	-1,598
Profit/loss before financial income and expenses		**40,304**	**40,221**	**41,616**	**46,261**
Income from investments in subsidiaries		0	0	-2,393	-6,908
Financial income	4	141	3,410	665	4,369
Financial expenses	5	-11,607	-623	-11,216	-356
Profit/loss before tax		**28,838**	**43,008**	**28,672**	**43,366**
Tax on profit/loss for the year	6	-7,026	-10,729	-6,860	-11,087
Net profit/loss for the year		**21,812**	**32,279**	**21,812**	**32,279**

Balance Sheet 31 December

Assets

	Note	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Software		4,960	4,582	4,960	4,582
Intangible assets	7	**4,960**	**4,582**	**4,960**	**4,582**
Other fixtures and fittings, tools and equipment		1,075	1,746	821	537
Property, plant and equipment	8	**1,075**	**1,746**	**821**	**537**
Investments in subsidiaries	9	0	0	3,053	2,917
Fixed asset investments		**0**	**0**	**3,053**	**2,917**
Fixed assets		**6,035**	**6,328**	**8,834**	**8,036**
Inventories	10	**71,315**	**54,737**	**65,837**	**51,109**
Trade receivables		140,996	115,434	100,946	105,784
Receivables from group enterprises		0	0	28,747	7,545
Other receivables		16,231	12,415	15,972	11,739
Deferred tax asset	14	427	547	0	0
Prepayments	11	136	44	136	41
Receivables		**157,790**	**128,440**	**145,801**	**125,109**
Cash at bank and in hand		**11,968**	**1,144**	**1,285**	**164**
Currents assets		**241,073**	**184,321**	**212,923**	**176,382**
Assets		**247,108**	**190,649**	**221,757**	**184,418**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2017	Group 2016	Parent 2017	Parent 2016
		TDKK	TDKK	TDKK	TDKK
Share capital		250	250	250	250
Retained earnings		67,981	47,608	67,981	47,608
Proposed dividend for the year		0	20,000	0	20,000
Equity	12	**68,231**	**67,858**	**68,231**	**67,858**
Provision for deferred tax	14	730	1,048	1,156	1,048
Provisions		**730**	**1,048**	**1,156**	**1,048**
Payables to group enterprises		47,862	0	47,862	0
Long-term debt	15	**47,862**	**0**	**47,862**	**0**
Credit institutions		7,572	22,945	7,572	22,942
Trade payables		113,479	92,711	86,645	86,473
Payables to group enterprises	15	0	302	0	415
Corporation tax		5,986	6	0	0
Payables to group enterprises relating to corporation tax		842	0	6,752	0
Other payables		2,406	5,779	3,539	5,682
Short-term debt		**130,285**	**121,743**	**104,508**	**115,512**
Debt		**178,147**	**121,743**	**152,370**	**115,512**
Liabilities and equity		**247,108**	**190,649**	**221,757**	**184,418**

Distribution of profit	13
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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	250	47,609	20,000	67,859
Ordinary dividend paid	0	0	-20,000	-20,000
Extraordinary dividend paid	0	-5,000	0	-5,000
Exchange adjustments relating to foreign entities	0	3,560	0	3,560
Net profit/loss for the year	0	21,812	0	21,812
Equity at 31 December	**250**	**67,981**	**0**	**68,231**

Parent

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	250	47,609	20,000	67,859
Ordinary dividend paid	0	0	-20,000	-20,000
Extraordinary dividend paid	0	-5,000	0	-5,000
Exchange adjustments relating to foreign entities	0	3,560	0	3,560
Net profit/loss for the year	0	21,812	0	21,812
Equity at 31 December	**250**	**67,981**	**0**	**68,231**

Cash Flow Statement 1 January - 31 December

	Note	Group 2017	Group 2016
		TDKK	TDKK
Net profit/loss for the year		21,812	32,279
Adjustments	16	19,858	9,137
Change in working capital	17	-24,752	-22,772
Cash flows from operating activities before financial income and expenses		**16,918**	**18,644**
Financial income		140	3,410
Financial expenses		-11,607	-623
Cash flows from ordinary activities		**5,451**	**21,431**
Corporation tax paid		-760	-8,109
Cash flows from operating activities		**4,691**	**13,322**
Purchase of intangible assets		-928	-2,523
Purchase of property, plant and equipment		-1,020	-135
Sale of property, plant and equipment		592	191
Cash flows from investing activities		**-1,356**	**-2,467**
Repayment of payables to group enterprises		0	-3,897
Raising of loans from group enterprises		47,862	0
Dividend paid		-25,000	-26,500
Cash flows from financing activities		**22,862**	**-30,397**
Change in cash and cash equivalents		**26,197**	**-19,542**
Cash and cash equivalents at 1 January		-21,801	-2,259
Cash and cash equivalents at 31 December		**4,396**	**-21,801**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		11,968	1,144
Overdraft facility		-7,572	-22,945
Cash and cash equivalents at 31 December		**4,396**	**-21,801**

Notes to the Financial Statements

1 Revenue

The group has only one segment.

2 Staff expenses

	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Wages and salaries	29,469	31,682	25,402	26,360
Pensions	1,468	1,512	1,468	1,465
Other social security expenses	354	677	354	370
Other staff expenses	1,919	1,328	1,274	1,093
	33,210	**35,199**	**28,498**	**29,288**
Including remuneration to the Executive Board of:				
Executive Board	2,333	2,577	2,333	2,577
	2,333	**2,577**	**2,333**	**2,577**
Average number of employees	**59**	**60**	**55**	**55**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Amortisation of intangible assets	550	0	550	0
Depreciation of property, plant and equipment	877	1,201	135	178
	1,427	**1,201**	**685**	**178**

Notes to the Financial Statements

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
4 Financial income				
Interest received from group enterprises	0	24	559	1,030
Other financial income	36	6	2	1
Exchange adjustments	105	3,380	104	3,338
	141	**3,410**	**665**	**4,369**
5 Financial expenses				
Interest paid to group enterprises	239	88	247	52
Other financial expenses	458	265	416	304
Exchange adjustments, expenses	10,910	270	10,553	0
	11,607	**623**	**11,216**	**356**
6 Tax on profit/loss for the year				
Current tax for the year	6,828	8,476	6,752	8,455
Deferred tax for the year	198	2,240	108	2,619
Adjustment of tax concerning previous years	0	13	0	13
	7,026	**10,729**	**6,860**	**11,087**

Notes to the Financial Statements

7 Intangible assets

Group

	Software TDKK
Cost at 1 January	4,582
Additions for the year	928
Cost at 31 December	5,510
Transfers for the year	0
Revaluations at 31 December	0
Impairment losses and amortisation at 1 January	0
Amortisation for the year	550
Impairment losses and amortisation at 31 December	550
Carrying amount at 31 December	**4,960**

Parent

	Software TDKK
Cost at 1 January	4,582
Additions for the year	928
Cost at 31 December	5,510
Amortisation for the year	550
Impairment losses and amortisation at 31 December	550
Carrying amount at 31 December	**4,960**

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	5,312
Additions for the year	1,020
Disposals for the year	-1,604
Cost at 31 December	4,728
Impairment losses and depreciation at 1 January	3,566
Depreciation for the year	877
Impairment and depreciation of sold assets for the year	-790
Impairment losses and depreciation at 31 December	3,653
Carrying amount at 31 December	**1,075**

Parent

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	1,496
Additions for the year	600
Disposals for the year	-527
Kostpris at 31 December	1,569
Impairment losses and depreciation at 1 January	959
Depreciation for the year	135
Impairment and depreciation of sold assets for the year	-346
Impairment losses and depreciation at 31 December	748
Carrying amount at 31 December	**821**

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent 2017 TDKK	Parent 2016 TDKK
Cost at 1 January	6,187	6,368
Exchange adjustment	814	-181
Disposals for the year	-6,237	0
Cost at 31 December	764	6,187
Value adjustments at 1 January	-42,576	-35,762
Disposals for the year	9,281	0
Exchange adjustment	2,746	94
Net profit/loss for the year	-1,896	-6,908
Value adjustments at 31 December	-32,445	-42,576
Equity investments with negative net asset value amortised over receivables	34,734	39,306
Carrying amount at 31 December	**3,053**	**2,917**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Danoffice Inc.	Silver Spring, Maryland, USA	1	100%
Danoffice IT SA	Rolle, Switzerland	692	100%
Advizing IT SA	Geneve, Switzerland	20	100%
Danoffice IT Inc.	Sterling, Virginia, USA	1	100%

10 Inventories

	Group 2017 TDKK	Group 2016 TDKK	Parent 2017 TDKK	Parent 2016 TDKK
Finished goods and goods for resale	33,404	13,082	27,926	9,454
Prepayments for goods	37,911	41,655	37,911	41,655
	71,315	**54,737**	**65,837**	**51,109**

Notes to the Financial Statements

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

12 Equity

The share capital consists of 500 shares of a nominal value of DKK 500. No shares carry any special rights.

13 Distribution of profit

	Parent	
	2017	2016
	TDKK	TDKK
Extraordinary dividend paid	5,000	12,500
Proposed dividend for the year	0	20,000
Retained earnings	16,812	-221
	21,812	**32,279**

14 Provision for deferred tax

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	501	-1,739	1,048	-1,571
Amounts recognised in the income statement for the year	-198	2,240	108	2,619
Provision for deferred tax at 31 December	**303**	**501**	**1,156**	**1,048**

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
Payables to group enterprises				
Between 1 and 5 years	47,862	0	47,862	0
Long-term part	47,862	0	47,862	0
Other short-term debt to group enterprises	0	302	0	415
	47,862	**302**	**47,862**	**415**

16 Cash flow statement - adjustments

	Group	
	2017	2016
	TDKK	TDKK
Financial income	-141	-3,410
Financial expenses	11,607	623
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,366	1,195
Tax on profit/loss for the year	7,026	10,729
	19,858	**9,137**

17 Cash flow statement - change in working capital

Change in inventories	-16,577	-847
Change in receivables	-29,286	-2,121
Change in trade payables, etc	21,111	-19,804
	-24,752	**-22,772**

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK

18 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	167	207	167	207
Between 1 and 5 years	243	25	243	25
	410	**232**	**410**	**232**
Rental obligations between 6 to 59 months	8,574	0	8,574	0

Other contingent liabilities

As part of the company's ordinary business procedures, bank guarantees have been provided to third parties.

At 31 December 2017 , bank guarantees amounted to TDKK 33,923 (2016: TDKK 30,860)

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Belgravia Topco ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

19 Related parties

	Basis
Controlling interest	
Belgravia Bidco ApS	Majority owner

Ultimate ownership:
Agilitas 2015 Private Equity Fund L.P.

Notes to the Financial Statements

Notes to the Financial Statements

	Group		Parent	
	2017	2016	2017	2016
	TDKK	TDKK	TDKK	TDKK
20 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	100	0	100	0
Tax advisory services	35	0	35	0
Other services	30	0	30	0
	165	**0**	**165**	**0**
Ernst & Young				
Audit fee	0	102	0	102
Tax advisory services	0	35	0	35
Other services	57	115	57	115
	57	**252**	**57**	**252**
	222	**252**	**222**	**252**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Danoffice IT ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Danoffice IT ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

The Group's internal management reporting does not contain reporting by segments, and as a result, no specification of net sales is shown.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

21 Accounting Policies (continued)

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

Software that are recognised in the balance sheet are measured at cost less accumulated depreciation.

The expected useful life is 3-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	2-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Notes to the Financial Statements

21 Accounting Policies (continued)

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes

Notes to the Financial Statements

21 Accounting Policies (continued)

in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$