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Adapt A/S

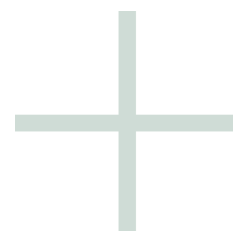
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CVR no. 21 75 89 73

Annual report for 2018

(20th Financial year)

Adopted at the annual general
meeting on 8 March 2019

Tommy Vange Davis
chairman



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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Adapt A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 8 March 2019

Executive board

Kresten Finsen Wiingaard
director

Supervisory board

Tommy Vange Davis
chairman

Frank Hansen

Kresten Finsen Wiingaard

Independent auditor's report

To the shareholders of Adapt A/S

Opinion

We have audited the financial statements of Adapt A/S for the financial year 1 January - 31 December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 company 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.

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 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 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

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 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.

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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that management's review 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 management's review.

Copenhagen, 8 March 2019

Addea Audit
Statsautoriseret revisionspartnerselskab
CVR no. 36 07 49 81

Anders Salomonsen
state authorized public accountants
MNE no. mne40143

Company details

The company

Adapt A/S
Langebrogade 6 E, 2.
1411 København K

CVR no.: 21 75 89 73

Reporting period: 1 January - 31 December 2018

Incorporated: 17. June 1999

Financial year: 20th financial year

Domicile: Copenhagen

Supervisory board

Tommy Vange Davis, chairman
Frank Hansen
Kresten Finsen Wiingaard

Executive board

Kresten Finsen Wiingaard

Auditors

Addea Audit
Statsautoriseret revisionspartnerselskab
Hammerensgade 1, 2.
1267 København K

Management's review

Business activities

The Company's principal activity is advisory and consulting services related to Information Technology and products i related thereto.

Significant events occurring after end of reporting period

Adapt A/S is expecting to merged with Adapt Mobile ApS and Adapt Conversion ApS per 1/1 2019

Accounting policies

The annual report of Adapt A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2018 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue and other operating income less raw materials and consumables and other external expenses.

Revenue

Income from the sale is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Revenue from customised products is recognised as the production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total revenue and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 5 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment.	3 years	0 %
Leasehold improvements	3 years	0 %

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Receivables

Receivables are measured at amortised cost.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be reliably determined, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions, etc. Provisions are recognised when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement 1 January 2018 - 31 December 2018

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit		28.569.772	36.103.610
Staff costs	1	<u>-27.941.443</u>	<u>-29.298.367</u>
Earnings Before Interest Taxes Depreciation and Amortization		628.329	6.805.243
Depreciation, amortisation and impairment of intangible assets and plant and equipment		<u>-382.727</u>	<u>-395.529</u>
Profit/loss before financial income and expenses		245.602	6.409.714
Financial income	2	43.080	30.165
Financial costs		<u>-75.250</u>	<u>-21.223</u>
Profit/loss before tax		213.432	6.418.656
Tax on profit/loss for the year	3	<u>-72.322</u>	<u>-1.453.548</u>
Net profit/loss for the year		<u>141.110</u>	<u>4.965.108</u>
Proposed dividend for the year		110.000	4.000.000
Retained earnings		<u>31.110</u>	<u>965.108</u>
		<u>141.110</u>	<u>4.965.108</u>

Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Assets			
Acquired patents		57.723	76.964
Intangible assets	4	<u>57.723</u>	<u>76.964</u>
Other fixtures and fittings, tools and equipment		207.166	241.040
Leasehold improvements		262.200	414.459
Tangible assets	5	<u>469.366</u>	<u>655.499</u>
Other fixed asset investments	6	14.033	14.033
Deposits	6	493.118	479.701
Fixed asset investments		<u>507.151</u>	<u>493.734</u>
Fixed assets total		<u>1.034.240</u>	<u>1.226.197</u>
Trade receivables		9.470.015	10.108.327
Receivables from subsidiaries		2.715.551	2.486.776
Other receivables		74.700	318.359
Deferred tax asset		53.461	38.311
Prepayments		392.399	525.382
Receivables		<u>12.706.126</u>	<u>13.477.155</u>
Cash at bank and in hand		<u>412.042</u>	<u>2.941.290</u>
Current assets total		<u>13.118.168</u>	<u>16.418.445</u>
Assets total		<u><u>14.152.408</u></u>	<u><u>17.644.642</u></u>

Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Liabilities and equity			
Share capital		500.000	500.000
Retained earnings		2.979.651	2.948.541
Proposed dividend for the year		110.000	4.000.000
Equity	7	<u>3.589.651</u>	<u>7.448.541</u>
Other credit institutions		2.475.441	0
Prepayments received from customers		1.102.305	720.703
Trade payables		652.150	244.324
Payables to subsidiaries		586.146	802.909
Corporation tax		87.472	1.463.220
Other payables		5.659.243	6.964.945
Short-term debt		<u>10.562.757</u>	<u>10.196.101</u>
Debt total		<u>10.562.757</u>	<u>10.196.101</u>
Liabilities and equity total		<u>14.152.408</u>	<u>17.644.642</u>
Contingent assets, liabilities and other financial obligations	8		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2018	500.000	2.948.541	4.000.000	7.448.541
Ordinary dividend paid	0	0	-4.000.000	-4.000.000
Net profit/loss for the year	0	31.110	110.000	141.110
Equity at 31 December 2018	500.000	2.979.651	110.000	3.589.651

Notes

	<u>2018</u>	<u>2017</u>
	DKK	DKK
1 Staff costs		
Wages and salaries	24.099.343	24.973.887
Pensions	1.813.059	1.874.748
Other social security costs	265.258	206.858
Other staff costs	1.763.783	2.242.874
	<u>27.941.443</u>	<u>29.298.367</u>
Average number of employees	<u>51</u>	<u>51</u>
2 Financial income		
Interest received from subsidiaries	43.080	21.029
Other financial income	0	9.136
	<u>43.080</u>	<u>30.165</u>
3 Tax on profit/loss for the year		
Current tax for the year	87.472	1.463.220
Deferred tax for the year	-15.150	-9.672
	<u>72.322</u>	<u>1.453.548</u>

Notes

4 Intangible assets

	<u>Acquired patents</u>
Cost at 1 January 2018	96.205
Cost at 31 December 2018	<u>96.205</u>
AA Impairment losses and amortisation at 1 January 2018	19.241
Depreciation for the year	<u>19.241</u>
AA Impairment losses and amortisation at 31 December 2018	<u>38.482</u>
Carrying amount at 31 December 2018	<u><u>57.723</u></u>

5 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 1 January 2018	1.333.164	1.416.193
Additions for the year	<u>106.675</u>	<u>70.677</u>
Cost at 31 December 2018	<u>1.439.839</u>	<u>1.486.870</u>
Impairment losses and depreciation at 1 January 2018	1.092.123	1.001.734
Depreciation for the year	<u>140.550</u>	<u>222.936</u>
Impairment losses and depreciation at 31 December 2018	<u>1.232.673</u>	<u>1.224.670</u>
Carrying amount at 31 December 2018	<u><u>207.166</u></u>	<u><u>262.200</u></u>

Notes

6 Fixed asset investments

	Other fixed asset investments	Deposits
Cost at 1 January 2018	14.033	479.701
Additions for the year	0	13.417
Cost at 31 December 2018	14.033	493.118
Carrying amount at 31 December 2018	14.033	493.118

7 Equity

There have been no changes in the share capital during the last 5 years.

8 Contingent assets, liabilities and other financial obligations

The company is jointly taxed with its parent company, Adapt Group A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes and without taxes on dividends, interest and royalties.

Rental and lease obligations

Rental agreement interminable for 6 months, max. commitment: DKK: 462.000

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Kresten Finsen Wiingaard

Direktør

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Kresten Finsen Wiingaard

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IP: 94.18.xxx.xxx

2019-03-08 12:26:54Z

NEM ID 

Frank Hansen

Bestyrelsesmedlem

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IP: 94.18.xxx.xxx

2019-03-08 12:37:46Z

NEM ID 

Tommy Vange Davis

Bestyrelsesformand

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2019-03-12 07:06:53Z

NEM ID 

Anders Salomonsen

Statsautoriseret revisor

På vegne af: Addea Audit Statsautoriseret Revisionspartnerselskab

Serienummer: CVR:36074981-RID:98866845

IP: 152.115.xxx.xxx

2019-03-12 08:13:02Z

NEM ID 

Tommy Vange Davis

Dirigent

Serienummer: PID:9208-2002-2-080053834575

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