Valcon A/S

Meldahlsgade 5, 2
1613 Copenhagen V

Annual Report
1 July 2018-30 June 2019

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30 September 2019

Lars Kallestrup

Contents

Corporate Information

Company	Valcon A/S Meldahlsgade 5, 2 1613 Copenhagen V	
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	CVR no.:	25 25 40 90
	Financial year:	01/07/2018-30/06/2019
Bank	Danske Bank, Holmens Kanal 2 1090 København K	
Auditor	PRICEWATERHOUSECOOPERS STATSAUTORISERET REVISIONSPARTNERSELSKAB Strandvejen 44 2900 Hellerup DK Danmark	
	CVR no.:	33771231
	Production unit no.:	1016959517

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Valcon A/S for the financial year 1 July 2018 – 30 June 2019.

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

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 Company at 30 June 2019 and of the results of the Group and the Company operations for the financial year 1 July 2018 – 30 June 2019 in accordance with the Danish Financial Statements Act.

In our opinion, Management's Review gives a true and fair view of the financial position of the Group and the Company and of the results of the Group and Company operations.

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

Copenhagen, on 30 September 2019

Executive Board

Thomas Arne Fischer	Stig Jessen

Board of Directors

Poul Præstegaard Skadhede	Eva Irene Karlsson
Mads Anker Nyrup	Thomas Nellemose Rosenlund
Jørgen Vilhelm Løvenørn Bardenfleth	Brian Daniel Jacobsen

Independent Auditor's Report

To the Shareholders of Valcon A/S

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 30 June 2019, and of the results of the Group's and the Parent Company's operations for the financial year 1 July 2018 – 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Valcon A/S for the financial year 1 July 2018 – 30 June 2019, 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 ("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 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.

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, in our view, 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 in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that gives 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.

Independent Auditor's Report

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Parent 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 judgment 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 Group's and the Parent 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 Group's and the Parent 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 Parent 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.

Independent Auditor's Report

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.

Hellerup, 30 September 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
State Authorised Public Accountant
mne18628

Kim Danstrup
State Authorised Public Accountant
mne32201

Management's Review

Valcon A/S together with subsidiaries in Sweden and USA consists of knowledge-based companies. In this report, this is referred to as the group.

Under the Parent Company Valcon Business Development A/S are also the sister company Odense Maritime Technology A/S, with companies abroad in both, England, India, China and Canada.

The business area is centred on strategic development and on operational development and management of our clients' business development, product and service development, sales, procurement and supply chain, production and distribution.

As with previous years, Valcon A/S has contributed to the group's mission through consultancy services within the areas of strategy, management, change leadership, innovation, transformation, digitalisation and efficiency improvements in both the private and public sectors.

Valcon A/S has strong competences within execution in all our areas and constantly works on being the consultancy showing how to connect strategy with operations and how to implement pragmatic solutions and ensure results. Valcon is the premium operations consulting firm in Europe, and our objective is still to be the most value-adding management consultancy.

Development in the year

The group keeps focus on growth and continues to execute the "All the Way" strategy under the headlines, "One strong team", "Wining international trophies" and "Stronger at home". "All the Way" consists of an ambitious initiative portfolio aimed at both market and competence development to secure Valcon's continued development as one of the most successful strategy and operations management consultancies in Europe. Valcon is positioned as the premium operations consulting firm in Europe with Scandinavian roots and values. Based on our Scandinavian roots, Valcon has set an aspiration to become the happiest company in the world and will investigate and invest in how to achieve world-class well-being for all employees based on OECD metrics. During this year, we have delivered a long range of assignments in Scandinavia and outside Scandinavia. This year, Valcon have invested in Sweden and have had a 37% growth in Sweden proving our position and our strategic direction. Further, Valcon has this year relocated the Danish head office to central Copenhagen and invested in creating a modern, productive and open space for our employees, our clients, our business partners and start-ups that can benefit from a helping hand.

The group's growth of 3% is considered reasonable based on the large efforts invested in the execution of our strategy and the considerable effort in sales outside Scandinavia and is in accordance with expectations.

This year's operating profit of DKK 16.0 million compared with DKK 43.5 million the previous year is not considered satisfactory.

During this year, we have fully integrated a one company mindset, and we now work as one strong business in the Danish/Swedish home market. This years utilisation have been lower than previous year to be able to invest in the future.

Management's Review

The Company's knowledge resources

The Company's opportunities to retain and recruit a highly qualified staff is critical to the continued development of the Company.

Over the year, we have focused on strengthening our recruitment platform, including continued focus on a talent programme for attracting and training the best candidates from universities and business schools in and outside Scandinavia, as well as a comprehensive development programme for all consultants in Valcon. We continue to work on creating concepts and building competences to increase the value of our services to our clients, including ensuring that Valcon has the most efficient methods for leading transformations and a revolutionary shift in paradigm in product development called Six Theta®.

Special risks

The Company's consultancy services are broadly based within operational and strategic consulting, and the risks the Company may be exposed to are consequently in essence the same risks found within consulting in general. There are no special financial risks with respect to the development in interest rates or exchange rates.

Outlook

Over the year, the group has strengthened our basis for future growth, both through a strengthened position in the market in and outside Scandinavia, and through a significant number of new consultants and through continued strengthening of internal processes and competences.

The group will in the coming financial year continue the development within all the areas in "All the Way" to support the growth in both turnover and an improved result.

External environmental impact and measures to prevent or mitigate their damage cf. Årsregnskabsloven §99.

Valcon A/S is a part of Valcon Business Development A/S. Referring to the annual report and management's review of this company in respect of the group's external environmental impact and measures to prevent or mitigate their damage.

Financial Highlights

Group

Key figures	2018/19 DKK'000	2017/18 DKK'000
Net revenue	295,249	288,011
Gross profit/loss	189,744	200,287
Operating profit/loss	15,995	43,518
Net financials	-555	-1,883
Net profit/loss for the year	12,542	32,136
Fixed assets	10,603	9,290
Current assets	100,858	131,236
Balance sheet total	111,461	140,526
Equity	48,870	68,508
Key figures		
Profit margin	5.4%	15.1%
Return on invested capital	17.9%	49.2%
Gross margin	64.3%	69.5%
Solvency ratio	43.8%	48.8%
Return on equity	21.4%	49.9%
Average number of employees	167	144

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.

During this year, we have fully integrated a one company mindset which started in 2017/2018, and made the first group consolidation with key figures with comparison numbers for 2017/2018, but not for the previous 3 years where this was not the case.

Parent company

Key figures	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000
Net revenue	264,498	265,518	258,190	264,994	236,098
Gross profit/loss	165,784	181,764	171,808	180,319	157,178
Operating profit/loss	11,953	42,423	31,105	48,392	38,548
Net financials	2,605	-1,301	-776	-848	310
Net profit/loss for the year	12,542	32,136	23,579	35,890	29,703
Fixed assets	16,555	12,110	6,763	3,951	3,019
Current assets	85,654	121,441	123,834	127,048	103,421
Balance sheet total	102,210	133,522	130,597	130,998	106,440
Equity	48,870	68,508	60,045	63,434	48,587
Key figures					
Profit margin	4.5%	16.0%	12.0%	18.3%	16.3%
Return on invested capital	13.8%	48.0%	39.4%	58.4%	45.4%
Gross margin	62.7%	68.5%	66.5%	68.0%	66.6%
Solvency ratio	47.8%	51.3%	46.0%	48.4%	45.6%
Return on equity	21.4%	49.9%	38.2%	64.1%	73.2%
Average number of employees	146	130	129	116	109

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.

As part of a legal restructuring of the Valcon group, the associated company Valcon Design A/S was merged as at 1 July 2016 with Valcon A/S as the continuing company. Adjustments have been made to key figures for the financial year 2014/15 to 2015/16.

Accounting Policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized class C enterprises.

The accounting policies applied remain unchanged from last year. The accounting principles are consistent with those of last year.

The Financial Statements are presented in Danish kroner.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Consolidated Financial Statements
The Consolidated Financial Statements comprise the Parent Company Valcon A/S and subsidiaries, in which Valcon A/S directly or indirectly possess more than 50% of voting rights or in any other way has a controlling interest. Enterprises in which the Group has between 20-50% of voting rights and has a significant but not controlling influence are considered associates.

The consolidation eliminates group-internal earnings and costs, shareholdings, internal outstandings and dividends as well as realised and non-realised profits and loss from transactions between the consolidated enterprises.

Investments in subsidiaries are set off with the proportional share of subsidiaries' fair value of net assets and obligations at the time of acquisition.

Cash Flow Statement
In accordance with section 86 (4) of the Danish Financial Statements Act, a cash flow statement has not been prepared. The Company's Cash Flow Statement is included in the Cash Flow Statement in the Consolidated Financial Statements of Valcon Business Development A/S.

Business combinations
Recently acquired or recently founded enterprises are recognised in the Consolidated Financial Statements from the time of acquisition. Sold or dismantled enterprises are recognised in the Consolidated Financial Statements up until the time of relinquishment. Comparative figures are not adjusted for recently acquired, sold or dismantled enterprises.

Accounting Policies

Profit and loss in connection with the sale of subsidiaries and associates is measured as the difference between the sales price and the carrying amount of net assets at the time of the sale, including non-amortised goodwill and expected costs of sale or dismantling.

For acquisitions of new enterprises, the acquisition method is used, according to which the assets and obligations of the newly acquired businesses are measured at fair value at the time of acquisition. An amount is recognised under provisions for covering costs in connection with decided and published restructurings in the acquired business in connection with the acquisition. The taxation effect of the revaluations carried out are taken into account.

Any positive differences (goodwill) between cost and fair value of acquired identified assets and obligations, including provisions for restructuring, are recognised under intangible assets and are amortised systematically over the Income Statement according to an individual assessment of the useful life, maximum 20 years. Negative differences (negative goodwill) corresponding to an expected unfavourable development in the enterprises in question are recognised in the Balance Sheet under Prepayments and are recognised in the Income Statement at the rate of realisation of the unfavourable development. For negative goodwill not related to an expected unfavourable development, an amount is recognised in the Balance Sheet corresponding to the fair value of non-monetary assets, which are subsequently recognised in the Income Statement over the non-monetary assets' average useful life. Goodwill and negative goodwill from acquired enterprises can be regulated until the end of the year after the acquisition.

Intra-group business combinations
In connection with business combinations such as acquisition and disposal of equity interests, mergers, demergers, addition of assets and exchange of shares, etc. involving enterprises controlled by the Parent Company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity.

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 or expenses in the Income Statement.

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 or expenses in the Income Statement.

If the foreign subsidiaries fulfill the criteria for independent units, the Income Statements are translated at the average exchange rate for the month, and the balance sheet items are translated at the exchange rate of the balance sheet date. Exchange rate differences, occurring in connection with translation of foreign subsidiaries' equity at the beginning of the year to the exchange rates of the balance sheet day and with translation of Income Statements from average exchange rates to exchange rates of the balance sheet day, are recognised directly in equity.

Exchange adjustment of outstanding accounts with independent, foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity.

Accounting Policies

Income Statement

Net revenue
Revenues from services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. Net revenue comprises re-invoicing of work carried out by subsuppliers and other expenses.

Remuneration to external consultants
Includes payments to subcontractors and costs associated with their work

Other external expenses
External expenses comprise expenses related to sales, advertising, administration, premises, bad debts, operating leases, etc.

Staff expenses
Staff expenses comprise wages and salaries as well as holiday pay and staff welfare expenses.

Income from investments in subsidiaries
The items “Income from investments in subsidiaries” in the Income Statement include the proportionate share of the profit for the year.

Financial income and expenses
Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on debt and transactions in foreign currencies as well as allowances and surcharges under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year
Valcon A/S is subject to the Danish rules on compulsory joint taxation applicable for the Valcon Business Development A/S group’s Danish subsidiaries. Subsidiaries are included in the joint taxation in the period when the Parent Company has controlling interest.

The Company’s Parent Company, Valcon Business Development A/S, acts as administration company in relation to the joint taxation and thus settles all corporate tax payments with the tax authorities.

The current Danish corporation tax is allocated among the jointly taxed companies in proportion to their respective taxable income. Companies contributing a tax loss being set off against taxable income in another company receive a cash payment equal to the tax value of the loss from the company using the loss to reduce its own taxable income.

Tax for the year that comprises current joint taxation contributions and changes in deferred tax is recognised in the Income Statement.

Accounting Policies

Balance Sheet

Intangible Assets
Intangible assets are initially measured at cost.

Development projects in progress
Capitalisation of development costs occurs when the basic criteria, such as certainty of the capital value future income and reliable measuring, is fulfilled. Costs are measured at cost prices and are amortised over the expected lifetime. Costs will also be written down to the recoverable amount.

Acquired software
Acquired software are measured at the lower of cost less accumulated amortisation and recoverable amount. Acquired software are amortised over the remaining application period; however not exceeding 5 years.

Profit or loss deriving from the sales of intangible assets is measured as the difference between the sales price less selling costs and the carrying amount at the time of the sale and are recognised in the Income Statement as other operating income or other operating expenses.

Development costs incurred by the company's own resources are recognized in the income statement as costs in the acquisition year.

Goodwill
Goodwill are initially measured at cost.

Goodwill is amortised over its useful life, which is defined on the basis of Management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at maximum 20 years.

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

The basis of depreciation is cost less any deducted residual value after the end of the useful life of the asset. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Cost of a total asset is divided into separate components that are depreciated separately if the useful life of the individual components is different.

Depreciation takes place on a straight-line basis and any residual value and based on an evaluation of the expected useful life:

Other fixtures and fittings, tools and equipment: 3-5 years.

Leasehold improvements: Lease period equalling: 2-5 years.

Profit or loss deriving from the sales of tangible assets is measured as the difference between the sales price less selling costs and the carrying amount at the time of the sale. Profits and losses are recognised in the Income Statement as other operating income or other operating expenses.

Accounting Policies

Investments in subsidiaries
Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits and losses and with addition and deduction of any remaining value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0, and any amounts owed by such enterprises are written down by the Parent Company's share of the negative net asset value, if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the Parent Company has a legal or a constructive obligation to cover the liabilities of the enterprise.

Net revaluation of investments in subsidiaries is recognised under equity in the reserve for net revaluation under the equity method to the extent that the carrying amount exceeds cost.

The acquisition method is used for acquisition of enterprises, cf. the above description under the Consolidated Financial Statements.

Other investments
Other investments are placed under fixed asset investment and includes unlisted shares. Other investment are initially measured at costprice. Costs will be written down to the marketvalue.

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

If such indications are found, the recoverable amount of the asset or the group of assets is calculated to determine any need for an impairment write-down. If so, the asset or the group of assets is written down to its lower recoverable amount.

Recoverable amount for the asset is determined as the highest value of net sales price and the net present value. Net present value is determined as the present value of expected net cash flows from the use of the asset or the group of assets.

Leases
All other leases are considered operating leases. Payments made under operating leases or any other leases are recognised in the Income Statement over the lease term. The Group's total provisions regarding operating leases and any other leases are stated in contingent assets, liabilities and other financial obligations.

Receivables
Receivables are recognised at the lower of amortised cost.

Provisions for estimated bad debts are made based on an individual impairment assessment of a receivable or group of receivables.

Contract work in progress
Contract work in progress is recognised according to the production method at the selling price of the work carried including expenses and less amounts invoiced on account.

Accounting Policies

Contract work in progress are recognised as financial income and expenses in the Balance Sheet.

Net assets comprise the sum of contract work in progress in which the selling price exceeds invoicing on account of work carried out. Net payables comprise the sum of contract work in progress in which invoicing on account exceeds the selling price of work carried out.

Prepayments
Prepayments comprise prepaid expenses concerning the following financial year.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and short-term securities with a duration less than three months that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Equity – dividends
Proposed dividends for the year are recognised as a liability when approved by the Annual General Meeting (declaration date).

Reserve for net revaluation under the equity method
Reserve for net revaluation under the equity method comprises net revaluation of investments in subsidiaries and associates in proportion to cost. The reserve can be eliminated by loss, realisation of investments or changes in accounting estimates. The reserve cannot be recognised as a negative amount.

Corporation tax and deferred tax
Receivables and payable joint taxation contributions are recognised in the Balance Sheet in receivables/payables from group enterprises.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the accounting and tax bases of assets and liabilities. However, deferred income tax of temporary differences related to non-deductible goodwill, office premises or other items where temporary differences occur at the time of acquisition without influencing results or taxable income is not recognised. In case the value for tax purposes can be determined following alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets including the tax base of tax losses to be carried forward are recognised at the expected value of their utilisation, either by elimination in tax on future earnings or by set-offs against deferred tax liabilities within the same legal tax entity and jurisdiction.

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.

Debt
Financial debts are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, financial debts are measured at amortised cost.

Other debts are measured at net realisable value.

Prepayments
Deferred income comprises payments received in respect of income in subsequent years.

Accounting Policies

Key figures and financial highlights
Rations stated in financial highlights have been prepared as follows:

Profit margin:	Operating profit/loss x 100 / net revenue
Invested capital:	Total assets less cash and cash equivalents and other interest-bearing assets (including shares)
Gross margin:	Gross profit x 100 / net revenue
Solvency ratio:	Equity at the end of the year x 100 / total liabilities and equity at the end of the year
Return on equity:	Net profit for the year x 100 / average equity
Return on invested capital:	Operating profit/loss x 100 / average invested capital

Consolidated Income Statement as at 1 July 2018 – 30 June 2019

	Note	2018/19 DKK	2017/18 DKK
Net revenue		295,248,802	288,011,406
External expenses		-105,504,305	-87,724,263
Gross profit/loss		**189,744,497**	**200,287,143**
Staff expenses	1	-170,701,540	-155,310,363
Amortisation, depreciation and impairment losses		-3,048,151	-1,459,164
Operating profit/loss		**15,994,806**	**43,517,616**
Other financial income	2	716,763	1,024,806
Other financial expenses	3	-1,271,878	-2,908,178
Profit/loss from ordinary activities before tax		**15,439,691**	**41,634,244**
Tax on profit/loss for the year	4	-2,897,206	-9,480,644
Net profit/loss for the year		**12,542,485**	**32,135,600**
Proposed distribution of profit	5		

Consolidated Balance Sheet as at 30 June 2019

	Note	2018/19 DKK	2017/18 DKK
Assets			
Goodwill		0	67,941
Acquired licenses (software)		3,035,900	4,539,704
Total intangible assets	**6**	**3,035,900**	**4,607,645**
Other fixtures and fittings, tools and equipment		99,711	0
Leasehold improvements		3,491,232	1,280,263
Total property, plant and equipment	**7**	**3,590,943**	**1,280,263**
Other investment		1,900,000	0
Deposits		2,076,001	3,402,462
Total fixed asset investments		**3,976,001**	**3,402,462**
Total fixed assets		**10,602,844**	**9,290,370**
Trade receivables		69,253,593	77,642,937
Contract work in progress	**8**	2,189,703	4,991,743
Receivables from group enterprises		381,532	63,886
Tax receivable		0	283,043
Other receivables		90,137	21,326
Prepayments	**9**	2,303,505	1,733,650
Total receivables		**74,218,470**	**84,736,585**
Cash at bank and in hand		26,639,801	46,499,299
Total current assets		**100,858,271**	**131,235,884**
Total assets		**111,461,115**	**140,526,254**

Consolidated Balance Sheet as at 30 June 2019

Liabilities and equity

	Note	2018/19 DKK	2017/18 DKK
Registered capital, etc.		887,850	887,850
Retained earnings		47,982,273	67,620,290
Total equity		**48,870,123**	**68,508,140**
Prepayments received from customers for contract work in progress	**8**	6,001,740	6,999,740
Trade payables		7,395,716	7,901,750
Payables to group enterprises		2,038,682	1,505,362
Provision for deferred tax	**10**	1,084,151	1,106,483
Other payables, including taxes and other social security expenses		46,070,703	54,504,779
Total short-term debt		**62,590,992**	**72,018,114**
Total payables		**62,590,992**	**72,018,114**
Total liabilities and equity		**111,461,115**	**140,526,254**

Contractual obligations	**11**
Contingent liabilities and contingent assets	**12**
Related parties and ownership	**13**
Events after the balance sheet date	**14**

Consolidated Statement of changes in equity

Total equity

	Company capital DKK	Retained earnings DKK	In total DKK
Equity at the beginning of the year	**887,850**	**67,620,290**	**68,508,140**
Distributed dividends	0	-32,135,600	-32,135,600
Exchange adjustments, foreign subsidiaries	0	-44,902	-44,902
Retained earnings	0	12,542,485	12,542,485
Equity at the end of the year	**887,850**	**47,982,273**	**48,870,123**

Registered capital, etc.

The share capital consists of 887,850 shares of a nominal value of DKK 1. No shares carry any special rights.

Changes in the share capital in the past five financial years:

	DKK
Share capital at 1 July 2014	772,000
Additional capital injection at 11 June 2016	52,786
Additional capital injection at 14 March 2017	63,064
Share capital at the end of the year	**887,850**

Consolidated Notes

1. Staff expenses

	2018/19 DKK	2017/18 DKK
Wages and salaries	-164,448,714	-150,227,220
Other social security expenses	-5,737,875	-3,927,897
Other staff expenses	-514,951	-1,155,246
	-170,701,540	**-155,310,363**

Remuneration to the executive board and the board of directors amounts to DKK 4,417,000 (DKK 3,841,000 in 2017/18). Average number of full-time employees: 167 (144 in 2017/18).

2. Other financial income

	2018/19 DKK	2017/18 DKK
Other financial income	716,763	1,024,086
	716,763	**1,024,086**

3. Other financial expenses

	2018/19 DKK	2017/18 DKK
Other financial expenses	-1,271,878	-2,908,178
	-1,271,878	**-2,908,178**

4. Tax on profit/loss for the year

	2018/19 DKK	2017/18 DKK
Current tax	-2,112,474	-8,126,016
Changes in current tax previous year	-807,064	1,310,645
Changes in deferred tax previous years	807,064	-1,310,645
Changes in deferred tax	-784,732	-1,354,628
	-2,897,206	**-9,480,644**

5. Proposed distribution of profit

	2018/19 DKK	2017/18 DKK
Retained earnings	12,542,485	32,135,600
Total	**12,542,485**	**32,135,600**

Consolidated Notes

6. Total intangible assets

	Acquired licenses (software) DKK	Goodwill DKK
Cost at the beginning of the year	6,104,733	1,356,727
Additions	587,209	0
Cost at the end of the year	**6,691,942**	**1,356,727**
Amortisation, depreciation and impairment losses at the beginning of the year	-1,565,029	-1,288,786
Amortisation, depreciation and impairment losses during the year	-2,091,013	-67,941
Amortisation, depreciation and impairment losses at the end of the year	**-3,656,042**	**1,356,727**
Carrying amount at the end of the year	**3,035,900**	**0**

7. Total property, plant and equipment

	Fixtures and fittings DKK	Leasehold improvements DKK
Cost at the beginning of the year	0	1,280,263
Additions	128,200	3,071,677
Cost at the end of the year	**128,200**	**4,351,940**
Depreciation and impairment losses at the beginning of the year	0	0
Depreciation and impairment losses during the year	-28,489	-860,708
Depreciation and impairment losses at the end of the year	**-28,489**	**-860,708**
Carrying amount at the end of the year	**99,711**	**3,491,232**

Consolidated Notes

8. Contract work in progress

	2018/19 DKK	2017/18 DKK
Selling price for work carried out	2,189,703	4,991,743
Payments received on account	-6,001,740	-6,999,740
	-3,812,037	**-2,007,997**
Recognised in the balance sheet as follows:		
Contract work in progress	2,189,703	4,991,743
Prepayments received from customers for contract work in progress	-6,001,740	-6,999,740

9. Prepayments

	2018/19 DKK	2017/18 DKK
Licence fees	622,490	339,876
Other fees	1,681,015	1,393,774
	2,303,505	**1,733,650**

10. Deferred tax liabilities

	2018/19 DKK	2017/18 DKK
Deferred tax at the beginning of the year	-1.106.483	1,288,924
Changes in deferred tax previous years	807,064	-1,310,645
Changes in deferred tax	-784,732	-1,084,762
Deferred tax at the end of the year	**-1,084,151**	**-1,106,483**

	2018/19 DKK	2017/18 DKK
Leasehold improvements	-2,130	0
Software	-667,898	-822,735
Prepayments	-399,768	-289,434
Fixtures and fittings	-14,355	5,686
Deferred tax liabilities	**-1,084,151**	**-1,106,483**

Consolidated Notes

11. Contractual obligations

The group has entered into an operating lease agreement for the new domicile in central Copenhagen Meldahlsgade 1-5, 1620 Copenhagen V. The lease agreement in the new domicile can be terminated at the earliest with effect from 1 July 2023.

	2018/19 DKK	2017/18 DKK
Expires due within one year	7,192,082	6,407,902
Expires due late than one but within 5 years	20,479,570	27,050,824
Expires due later than 5 years	0	0
	27,671,652	**33,458,726**

Apart from usual trading, the group had no further contractual obligations as at 30 June 2019.

12. Contingent liabilities and contingent assets

The group is jointly taxed with other enterprises in the Valcon Business Development A/S group. As a jointly taxed company, not wholly-owned, the Company has limited and secondary liability for Danish corporation taxes in the joint taxation group. The total amount of corporation tax payable is disclosed to SKAT in the Annual Report of Valcon Business Development A/S, CVR no. 28 68 10 11, which is the Management Company of the joint taxation purposes. Any subsequent adjustments of corporation taxes and withholding taxes may increase the group's liability.

Apart from usual trading, the group had no further contingent obligations as at 30 June 2019.

The group has no contingent assets as at 30 June 2019.

13. Related parties and ownership

Information relating to group

The group's Financial Statements are included in the Consolidated Financial Statements of the parent company Valcon Business Development A/S, Meldahlsgade 5, 2, 1613 Copenhagen V, CVR no. 28 68 10 11.

The Consolidated Financial Statements of Valcon Business Development A/S may be obtained by contacting the company

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5 % of the votes or at least 5 % of the share capital:

Valcon Holding 1 ApS
Valcon Holding 2 ApS
Valcon Holding 3 ApS
Valcon Holding 4 ApS
Valcon Holding 5 ApS

14. Events after the balance sheet date

No events materially influencing the group's financial position as at 30 June 2019 have occurred.

Parent Company Income Statement as at 1 July 2018 – 30 June 2019

	Note	2018/19 DKK	2017/18 DKK
Net revenue		264,498,104	265,518,497
External expenses		-98,714,400	-83,754,250
Gross profit/loss		**165,783,704**	**181,764,247**
Staff expenses	**1**	-150,850,321	-138,018,638
Amortisation, depreciation and impairment losses		-2,980,210	-1,323,038
Operating profit/loss		**11,953,173**	**42,422,571**
Income from investments in subsidiaries		3,097,521	542,108
Other financial income	**2**	716,763	978,306
Other financial expenses	**3**	-1,209,218	-2,821,718
Profit/loss from ordinary activities before tax		**14,558,239**	**41,121,267**
Tax on profit/loss for the year	**4**	-2,015,754	-8,985,667
Net profit/loss for the year		**12,542,485**	**32,135,600**
Proposed distribution of profit	**5**		

Parent Company Balance Sheet as at 30 June 2019

	Note	2018/19 DKK	2017/18 DKK
Assets			
Acquired licenses (software)		3,035,900	4,539,704
Total intangible assets	**6**	**3,035,900**	**4,539,704**
Other fixtures and fittings, tools and equipment		99,711	0
Leasehold improvements		3,491,232	1,280,263
Total property, plant and equipment	**7**	**3,590,943**	**1,280,263**
Investments in subsidiaries		5,952,634	2,887,911
Other investments		1,900,000	0
Deposits		2,076,001	3,402,462
Total fixed asset investments	**8**	**9,928,635**	**6,290,373**
Total fixed assets		**16,555,478**	**12,110,340**
Trade receivables		58,784,441	68,437,078
Contract work in progress	**9**	2,124,121	4,830,483
Receivables from group enterprises		381,532	7,220,838
Other receivables		52,920	10,213
Prepayments	**10**	1,817,127	1,315,611
Total receivables		**63,160,141**	**81,814,224**
Cash at bank and in hand		22,494,173	39,596,964
Total current assets		**85,654,314**	**121,411,188**
Total assets		**102,209,792**	**133,521,528**

Parent Company Balance Sheet as at 30 June 2019

Liabilities and equity

	Note	2018/19 DKK	2017/18 DKK
Registered capital, etc.		887,850	887,850
Reserve for net revaluation under the equity method		2,318,514	0
Retained earnings		45.663.759	67,620,290
Total equity		**48,870,123**	**68,508,140**
Prepayments received from customers for contract work in progress	**9**	5,267,431	6,999,740
Trade payables		5,700,134	6,860,410
Payables to group enterprises		2,038,087	1,505,362
Deferred tax liabilities	**11**	1,084,151	1,106,483
Other payables, including taxes and other social security expenses		39,249,866	48,541,393
Total short-term debt		**53,339,669**	**65,013,388**
Total payables		**53,339,669**	**65,013,388**
Total liabilities and equity		**102,209,792**	**133,521,528**

Contractual obligations	**12**
Provisions, contingent liabilities and contingent assets	**13**
Related parties and ownership	**14**
Events after the balance sheet date	**15**

Parent Company Statement of changes in equity

Total equity

	Company capital DKK	Reserve for net revaluation under the equity methods DKK	Retained earnings DKK	In total DKK
Equity at the beginning of the year	**887,850**	**0**	**67,620,290**	**68,508,140**
Distributed dividends	0	0	-32,135,600	-32,135,600
Exchange adjustments, foreign subsidiaries	0	0	-44,902	-44,902
Retained earnings	0	2,318,514	10,223,971	12,542,485
Equity at the end of the year	**887,850**	**2,318,514**	**45.663.759**	**48,870,123**

Registered capital, etc.

The share capital consists of 887,850 shares of a nominal value of DKK 1. No shares carry any special rights.

Changes in the share capital in the past five financial years:

	DKK
Share capital at 1 July 2014	772,000
Additional capital injection at 11 June 2016	52,786
Additional capital injection at 14 March 2017	63,064
Share capital at the end of the year	**887,850**

Parent Company Notes

1. Staff expenses

	2018/19 DKK	2017/18 DKK
Wages and salaries	-149,850,381	-136,384,925
Other social security expenses	-975,859	-804,290
Other staff expenses	-24,081	-829,423
	-150,850,321	**-138,018,638**

Remuneration to the executive board and the board of directors amounts to DKK 4,417,000 (DKK 3,841,000 in 2017/18). Average number of full-time employees: 146 (130 in 2017/18).

2. Other financial income

	2018/19 DKK	2017/18 DKK
Other financial income	716,763	978,306
	716,763	**978,306**

3. Other financial expenses

	2018/19 DKK	2017/18 DKK
Other financial expenses	-1,209,218	-2,821,718
	-1,209,218	**-2,821,718**

4. Tax on profit/loss for the year

	2018/19 DKK	2017/18 DKK
Current tax	-1,231,023	-7,900,905
Changes in current tax previous year	-807,064	1,310,645
Changes in deferred tax previous years	807,064	-1,310,645
Changes in deferred tax	-784,732	-1,084,762
	-2,015,754	**-8,985,667**

5. Proposed distribution of profit

	2018/19 DKK	2017/18 DKK
Reserve for net revaluation under the equity method	2,318,514	0
Retained earnings	10,223,971	32,135,600
Total	**12,542,485**	**32,135,600**

Parent Company Notes

6. Total intangible assets

	Acquired licenses (software) DKK
Cost at the beginning of the year	**6,104,733**
Additions	587,209
Cost at the end of the year	**6,691,942**
Amortisation, depreciation and impairment losses at the beginning of the year	**-1,565,029**
Amortisation, depreciation and impairment losses during the year	-2,091,013
Amortisation, depreciation and impairment losses at the end of the year	**-3,656,042**
Carrying amount at the end of the year	**3,035,900**

7. Total property, plant and equipment

	Fixtures and fittings DKK	**Leasehold improvements DKK**
Cost at the beginning of the year	**0**	**1,280,263**
Additions	128,200	3,071,677
Cost at the end of the year	**128,200**	**4,351,940**
Depreciation and impairment losses at the beginning of the year	0	0
Depreciation and impairment losses during the year	-28,489	-860,708
Depreciation and impairment losses at the end of the year	**-28,489**	**-860,708**
Carrying amount at the end of the year	**99,711**	**3,491,232**

Parent Company Notes

8. Total fixed asset investments

	Investments in subsidiaries DKK
Cost at the beginning of the year	3,384,724
Cost at the end of the year	**3,384,724**
Net revaluation at the beginning of the year	-734,105
Exchange adjustments	-44,902
Share of the profit for the year cf. note	3,097,521
Value adjustments at the end of the year	2,318,514
Total	**5,703,238**
Negative net asset values are set off against receivables from group enterprises	249,396
Carrying amount at the end of the year	**5,952,634**

Investments in subsidiaries comprise:

Name, company form	Ownership share	Equity	Results for for the year
Valcon AB, Sweden	100%	5,952,634	3,116,014
Valcon Consulting INC, USA	100%	-249,396	-18,493

9. Contract work in progress

	2018/19 DKK	2017/18 DKK
Selling price for work carried out	2,124,121	4,830,483
Payments received on account	-5,267,431	-6,999,740
	-3,143,310	**-2,169,257**
Recognised in the balance sheet as follows:		
Contract work in progress	2,124,121	4,830,483
Prepayments received from customers for contract work in progress	-5,267,431	-6,999,740

Parent Company Notes

10. Prepayments

	2018/19 DKK	2017/18 DKK
Licence fees	622,490	339,876
Other fees	1,194,637	975,735
	1,817,127	**1,315,611**

11. Deferred tax liabilities

	2018/19 DKK	2017/18 DKK
Deferred tax at the beginning of the year	-1,106,483	1,288,924
Changes in deferred tax previous years	807,064	-1,310,645
Changes in deferred tax	-784,732	-1,084,762
Deferred tax at the end of the year	**-1,084,151**	**-1.106.483**

	2018/19 DKK	2017/18 DKK
Leasehold improvements	-2,130	0
Software	-667,898	-822,735
Prepayments	-399,768	-289,434
Fixtures and fittings	-14,355	5,686
Deferred tax liabilities	**-1,084,151**	**-1,106,483**

Parent Company Notes

12. Contractual obligations

The Company has entered into an operating lease agreement for the new domicile in central Copenhagen Meldahlsgade 1-5, 1620 Copenhagen V. The lease agreement in the new domicile can be terminated at the earliest with effect from 1 July 2023.

	2018/19 DKK	2017/18 DKK
Expires due within one year	6,806,190	6,407,902
Expires due late than one but within 5 years	20,479,570	27,050,824
Expires due later than 5 years	0	0
	27,285,760	**33,458,726**

13. Contingent liabilities and contingent assets

The Company is jointly taxed with other enterprises in the Valcon Business Development A/S group. As a jointly taxed company, not wholly-owned, the Company has limited and secondary liability for Danish corporation taxes in the joint taxation group. The total amount of corporation tax payable is disclosed to SKAT in the Annual Report of Valcon Business Development A/S, CVR no. 28 68 10 11, which is the Management Company of the joint taxation purposes. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Apart from usual trading, the Company had no contractual obligations as at 30 June 2019.

The Company has no contingent assets as at 30 June 2019.

14. Related parties and ownership

Information relating to group

The Company's Financial Statements are included in the Consolidated Financial Statements of the parent company Valcon Business Development A/S, Meldahlsgade 5, 2, 1613 Copenhagen V, CVR no. 28 68 10 11.

The Consolidated Financial Statements of Valcon Business Development A/S may be obtained by homepages www.cvr.dk

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5 % of the votes or at least 5 % of the share capital:

Valcon Holding 1 ApS
Valcon Holding 2 ApS
Valcon Holding 3 ApS
Valcon Holding 4 ApS
Valcon Holding 5 ApS

15. Events after the balance sheet date

No events materially influencing the Company's financial position as at 30 June 2019 have occurred.