



## Infare Solutions A/S

Borgergade 14, 2.  
1300 Copenhagen  
CVR No. 25525639

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 17.07.2020

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**Ian Wheeler**

Chairman of the General Meeting

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# Entity details

## Entity

Infare Solutions A/S

Borgergade 14, 2.

1300 Copenhagen

CVR No.: 25525639

Registered office: Copenhagen

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Ian Wheeler, Chairman

Niclas Gabran

Lars-Erik Houmann Christensen

Søren Leth Truelsen

Daniel Konrad Mytnik

Otto Gerndt

## Executive Board

Nils Gelbjerg-Hansen

Mikkel Bønnelycke

Harald Eisenächer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Infare Solutions A/S for the financial year 01.01.2019 - 31.12.2019.

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

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

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

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

Copenhagen, 17.07.2020

## Executive Board

**Nils Gelbjerg-Hansen**

**Mikkel Bønnelycke**

**Harald Eisenächer**

## Board of Directors

**Ian Wheeler**

Chairman

**Niclas Gabran**

**Lars-Erik Houmann Christensen**

**Søren Leth Truelsen**

**Daniel Konrad Mytnik**

**Otto Gernandt**

# Independent auditor's report

## To the shareholder of Infare Solutions A/S

### Opinion

We have audited the financial statements of Infare Solutions A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 17.07.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Bjørn Winkler Jakobsen**

State Authorised Public Accountant  
Identification No (MNE) mne32127

**Henrik Hartmann Olesen**

State Authorised Public Accountant  
Identification No (MNE) mne34143

# Management commentary

## Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
<b>Key figures</b>					
Gross profit/loss	42,050	36,553	30,527	22,696	19,009
Operating profit/loss	8,728	(4,825)	6,000	5,526	5,328
Net financials	(11,380)	(10,226)	(7,815)	3	48
Profit/loss for the year	(930)	(10,943)	226	5,111	4,160
Total assets	172,580	150,366	147,566	33,346	23,357
Investments in property, plant and equipment	1,792	3,606	2,146	4,691	1,409
Equity	684	1,614	12,551	12,323	8,113
<b>Ratios</b>					
Return on equity (%)	(80.94)	(154.51)	1.82	50.02	37.10
Equity ratio (%)	0.40	1.07	8.51	36.95	34.73

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Total assets



### Primary activities

The objective of the Company is trade and internet related activities by way of web fare intelligence sales and its largest area of activity is to provide airline price data to the airline and travel industry.

### Development in activities and finances

The company is the world's premium supplier of competitor fare intelligence to the airline and travel industry.

The company's main product, a bundled offer of Business Intelligence tools with regular data feeds, is based on a robot search technology, collecting airline fare data via the internet, API's and other data sources. Data is processed and presented in a form relevant to the customers in Infare's online analytical tool or sent directly to the customers in a format selected by them, often to be used in their revenue management systems.

The company holds one of the world's biggest database of air fares, which gives airlines and other companies access to more than 10 years of detailed historical airfares through SaaS or file download, enabling air-lines, airports and other related companies to conduct in-depth analysis of these airfares.

The company plans to continue investments in the business in the coming years.

Revenue growth and profit for the year are satisfactory, but effected by the write down of goodwill.

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

The income statement of the Company for 2019 shows a loss of DKK 0.9 million and at 31 December 2019 the balance sheet of the Company shows an equity of DKK 0.9 million.

The profit of the year is considered satisfactory compared to the expectations for the year and last year result.

### Uncertainty relating to recognition and measurement

At 31 December 2019 goodwill from the acquisition in 2017 amounted to DKK 65 million. Due to the nature of business activities, expected cash flow are estimated several years ahead. The budget for 2020 and forecasts have been approved by management and Board of directors. They include the effect of plans intended to achieve growth and efficiency in the years ahead. The budgets and forecasts forming the basis of the future expected cash flows, are subject to normal business uncertainty.

### Unusual circumstances affecting recognition and measurement

The result for 2019 is affected by a write down of goodwill of DKK 7 million.

### Outlook

For 2020 the expected EBITDA for the Group is DKK 52 million.

Negative market developments compared to the expected scenario or failure to realise revenue growth or reductions in costs will have an adverse impact on expected growth and earnings performance.

### Particular risks

Risks related to receivables, creditors, supply and currency are considered normal. The Company works on a current basis to reduce such risks. There is a risk of operating with airline and travel

industry and related customers. Steps are taken to reduce credit risks from customers by having processes in place for rating major customers.

### **Intellectual capital resources**

Infare is based on knowledge and expertise within its key focus areas that are subject to further development on an ongoing basis.

### **Environmental performance**

Infare Solutions A/S constantly seeks to reduce its cost of delivery of data services as well as administration for the benefit of the environment.

### **Research and development activities**

The Company has significant development activities related to the software tool Infare Pharos , the database of air fares and front end systems. Development activities are performed by internal employees located in subsidiaries in Lithuania, Poland and Denmark.

### **Events after the balance sheet date**

The outbreak and spread of COVID-19 at the beginning of 2020 has resulted in a reduction of approx 4% of the Company's revenue in the period January to April 2020 compared to expectations at the beginning of the year. This decline is primarily caused by extraordinary discounts for clients and a decrease in activities. Both based on COVID-19. Only to a limited extent has the Company been able to reduce the outcome of this reduction in revenue via staff reduction, as most of the staff are full-time permanent employees.

At present, we are not able to make a reliable estimate of when the impact of COVID-19 will decrease and the operation of the Company will return to normal. Depending on the time frame for when the Company's revenue will be normalised and how revenue and expenses will be affected until then, a subsequent potentially considerable impairment may be needed.

Apart from the above, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

# Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>42,049,601</b>	<b>36,552,970</b>
Staff costs	2	(8,027,492)	(11,897,513)
Depreciation, amortisation and impairment losses	3	(25,293,679)	(29,480,489)
<b>Operating profit/loss</b>		<b>8,728,430</b>	<b>(4,825,032)</b>
Income from investments in group enterprises		2,522,703	1,478,471
Other financial income	4	1,064,577	1,264,312
Other financial expenses	5	(12,444,503)	(11,490,213)
<b>Profit/loss before tax</b>		<b>(128,793)</b>	<b>(13,572,462)</b>
Tax on profit/loss for the year	6	(800,952)	2,629,616
<b>Profit/loss for the year</b>	7	<b>(929,745)</b>	<b>(10,942,846)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	9	22,555,358	20,265,154
Acquired intangible assets		1,137,328	1,264,876
Goodwill		64,742,118	81,441,621
<b>Intangible assets</b>	<b>8</b>	<b>88,434,804</b>	<b>102,971,651</b>
Other fixtures and fittings, tools and equipment		3,551,750	4,779,936
<b>Property, plant and equipment</b>	<b>10</b>	<b>3,551,750</b>	<b>4,779,936</b>
Investments in group enterprises		5,399,424	2,690,193
Deposits		369,092	513,941
<b>Other financial assets</b>	<b>11</b>	<b>5,768,516</b>	<b>3,204,134</b>
<b>Fixed assets</b>		<b>97,755,070</b>	<b>110,955,721</b>
Trade receivables		26,819,181	23,792,779
Receivables from group enterprises		10,236,335	5,241,246
Other receivables		229,668	291,269
Income tax receivable		174,703	895,002
Joint taxation contribution receivable		2,468,815	0
Prepayments	12	2,716,360	1,743,307
<b>Receivables</b>		<b>42,645,062</b>	<b>31,963,603</b>
<b>Cash</b>		<b>32,179,832</b>	<b>7,446,693</b>
<b>Current assets</b>		<b>74,824,894</b>	<b>39,410,296</b>
<b>Assets</b>		<b>172,579,964</b>	<b>150,366,017</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2019 DKK</b>	<b>2018 DKK</b>
Contributed capital		4,440,001	4,440,001
Reserve for net revaluation according to the equity method		5,158,700	2,635,998
Reserve for development expenditure		16,088,906	11,891,518
Retained earnings		(25,003,541)	(17,353,706)
<b>Equity</b>		<b>684,066</b>	<b>1,613,811</b>
Deferred tax	13	4,939,261	397,712
<b>Provisions</b>		<b>4,939,261</b>	<b>397,712</b>
Other payables		439,555	0
<b>Non-current liabilities other than provisions</b>		<b>439,555</b>	<b>0</b>
Bank loans		154,971	349,209
Prepayments received from customers		25,854,728	19,077,970
Trade payables		6,629,023	4,343,481
Payables to group enterprises	14	132,504,909	122,062,442
Payables to shareholders and management		1,457	7,011
Other payables		1,371,994	2,514,381
<b>Current liabilities other than provisions</b>		<b>166,517,082</b>	<b>148,354,494</b>
<b>Liabilities other than provisions</b>		<b>166,956,637</b>	<b>148,354,494</b>
<b>Equity and liabilities</b>		<b>172,579,964</b>	<b>150,366,017</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Non-arm's length related party transactions	17		
Group relations	18		

# Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	4,440,001	2,635,998	11,891,518	(17,353,706)	1,613,811
Transfer to reserves	0	0	4,197,388	(4,197,388)	0
Profit/loss for the year	0	2,522,702	0	(3,452,447)	(929,745)
<b>Equity end of year</b>	<b>4,440,001</b>	<b>5,158,700</b>	<b>16,088,906</b>	<b>(25,003,541)</b>	<b>684,066</b>

# Notes

## 1 Events after the balance sheet date

The outbreak and spread of COVID-19 at the beginning of 2020 has resulted in a reduction of approx 4% of the Company's revenue in the period January to April 2020 compared to expectations at the beginning of the year. This decline is primarily caused by extraordinary discounts for clients and a decrease in activities. Both based on COVID-19. Only to a limited extent has the Company been able to reduce the outcome of this reduction in revenue via staff reduction, as most of the staff are full-time permanent employees.

At present, we are not able to make a reliable estimate of when the impact of COVID-19 will decrease and the operation of the Company will return to normal. Depending on the time frame for when the Company's revenue will be normalised and how revenue and expenses will be affected until then, a subsequent potentially considerable impairment may be needed.

Apart from the above, no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## 2 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	13,421,162	18,381,272
Pension costs	518,740	652,788
Other social security costs	161,588	173,629
Other staff costs	1,662,454	1,339,648
	<b>15,763,944</b>	<b>20,547,337</b>
Staff costs classified as assets	(7,736,452)	(8,649,824)
	<b>8,027,492</b>	<b>11,897,513</b>

Average number of full-time employees	<b>21</b>	<b>28</b>
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	<b>Remuneration of management 2019 DKK</b>	<b>Remuneration of management 2018 DKK</b>
Executive Board	6,656,754	5,851,706
Board of Directors	716,503	703,252
	<b>7,373,257</b>	<b>6,554,958</b>

**3 Depreciation, amortisation and impairment losses**

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	15,333,050	16,014,926
Impairment losses on intangible assets	7,023,299	10,617,285
Depreciation of property, plant and equipment	2,937,330	2,848,278
	<b>25,293,679</b>	<b>29,480,489</b>

**4 Other financial income**

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Other interest income	71,704	17,458
Exchange rate adjustments	992,873	1,246,854
	<b>1,064,577</b>	<b>1,264,312</b>

**5 Other financial expenses**

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	11,380,964	10,746,749
Other interest expenses	146,138	43,422
Exchange rate adjustments	917,401	700,042
	<b>12,444,503</b>	<b>11,490,213</b>

**6 Tax on profit/loss for the year**

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(2,468,815)	(499,211)
Change in deferred tax	2,873,976	(2,131,379)
Adjustment concerning previous years	395,791	974
	<b>800,952</b>	<b>(2,629,616)</b>

**7 Proposed distribution of profit and loss**

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(929,745)	(10,942,846)
	<b>(929,745)</b>	<b>(10,942,846)</b>



## 8 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	50,460,255	1,275,505	109,376,882
Additions	7,736,452	0	0
<b>Cost end of year</b>	<b>58,196,707</b>	<b>1,275,505</b>	<b>109,376,882</b>
Amortisation and impairment losses beginning of year	(30,195,101)	(10,629)	(27,935,261)
Impairment losses for the year	0	0	(7,023,299)
Amortisation for the year	(5,446,248)	(127,548)	(9,676,204)
<b>Amortisation and impairment losses end of year</b>	<b>(35,641,349)</b>	<b>(138,177)</b>	<b>(44,634,764)</b>
<b>Carrying amount end of year</b>	<b>22,555,358</b>	<b>1,137,328</b>	<b>64,742,118</b>

## 9 Development projects

The cost price of development projects is derived from time spend in the subsidiary Infare VNO UAB and Infare Solutions A/S expressed in man-hours and the cost of a man-hour. On an on-going basis Management assess the value of the assets.

## 10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	13,946,557
Additions	1,792,194
<b>Cost end of year</b>	<b>15,738,751</b>
Depreciation and impairment losses beginning of year	(9,166,621)
Depreciation for the year	(3,020,380)
<b>Depreciation and impairment losses end of year</b>	<b>(12,187,001)</b>
<b>Carrying amount end of year</b>	<b>3,551,750</b>

## 11 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	54,195	513,941
Additions	186,528	12,658
Disposals	0	(157,507)
<b>Cost end of year</b>	<b>240,723</b>	<b>369,092</b>
Revaluations beginning of year	2,635,998	0
Share of profit/loss for the year	2,522,703	0
<b>Revaluations end of year</b>	<b>5,158,701</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>5,399,424</b>	<b>369,092</b>

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Infare VNO, UAB	Litauen	UAB	100	4,275,636	1,667,277
Infare KRK	Poland	z.o.o	100	384,810	315,467
Infare BER	Germany	GMBH	100	726,676	539,958

## 12 Prepayments

Prepayments are deferred costs related to the financial year of 2020.

### 13 Deferred tax

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Intangible assets	5,424,810	5,185,356
Property, plant and equipment	(635,739)	(443,629)
Receivables	283,117	322,872
Tax losses carried forward	(132,927)	(4,666,887)
<b>Deferred tax</b>	<b>4,939,261</b>	<b>397,712</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	397,712	1,148,556
Recognised in the income statement	4,541,549	(750,844)
<b>End of year</b>	<b>4,939,261</b>	<b>397,712</b>

### 14 Payables to group enterprises

The payable to Infare I ApS accrues interest. No refund date has been set.

### 15 Unrecognised rental and lease commitments

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>393,000</b>	<b>393,000</b>

### 16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Infare I ApS as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 17 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

### 18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Infare I Aps, Copenhagen

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises of revenue and external expenses.

### Revenue

Revenue from the sale of software services is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue related to delivery of software services is recognised when the services are made available to the buyer and accrued for the period purchased. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Income from investments in group enterprises**

Investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Other financial income**

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. Whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 7-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years
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Estimated useful lives and residual values are reassessed annually.

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

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a

loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

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

### **Income tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### **Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. #For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**Cash flow statement**

The cash flow statement has been included in the consolidated financial statements of Infare I ApS