
Techedge ApS

Dampfærgevej 3, 4., DK-2100 Copenhagen Ø

Annual Report for 1 January - 31 December 2018

CVR No 25 57 37 30

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/4 2019

Jens Høg Thomsen
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Techedge ApS 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 Consolidated Financial Statements and the Parent Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Company and of the results of the Group and Company operations and of consolidated cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 25 April 2019

Executive Board

Kim Siegfried

Board of Directors

Andrew James Brown
Chairman

Andreas Velter

Keld Lunda Nielsen

Henrik Sahlholt

Independent Auditor's Report

To the Shareholders of Techedge ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Techedge ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are 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 Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Consolidated Financial Statements and Parent Company Financial Statements

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the Consolidated Financial Statements and Parent Company Financial Statements

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

Independent Auditor's Report

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

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 25 April 2019

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Nikolaj Thomsen

statsautoriseret revisor

mne33276

Company Information

The Company

Techedge ApS
Dampfærgevej 3, 4.
DK-2100 Copenhagen Ø

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E-mail: mail@grouptechedge.com
Website: www.grouptechedge.com

CVR No: 25 57 37 30
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Andrew James Brown, Chairman
Andreas Velter
Keld Lunda Nielsen
Henrik Sahlholt

Executive Board

Kim Siegfried

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Bankers

Jyskebank
Vesterbrogade 9
DK-1780 Copenhagen V

Financial Highlights

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

	Group				
	2018 TDKK	2017 TDKK	2016 TDKK	2014/15 TDKK	2013/14 TDKK
Key figures					
Profit/loss					
Gross profit/loss	156.971	117.180	113.164	140.486	75.973
Operating profit/loss	93.666	83.694	78.940	95.557	53.843
Net financials	733	-1.654	-612	2.609	-377
Net profit/loss for the year	73.966	65.539	62.579	75.983	41.943
Balance sheet					
Balance sheet total	306.494	94.094	99.876	78.301	61.954
Equity	254.598	73.916	78.798	53.616	46.796
Cash flows					
Cash flows from:					
including investment in property, plant and equipment	-2.866	-615	-246	1.716	907
Number of employees	69	39	39	40	35
Ratios					
Return on equity	45,0%	85,8%	94,5%	151,3%	100,3%
Equity ratio	83,1%	78,5%	78,9%	68,5%	75,5%

Financial highlights are defined and calculated in accordance with the recommendations & ratios issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The key figures from 2014/15 contain 18 months.

Management's Review

Key activities

The company's primary activity is development of software and related activities.

Development in activities and finances

In 2018 The Techedge group has expanded its activities. First with the acquisition of Kantar Tech Spain by way of contribution in kind after which Kantar Tech Spain is a fully owned subsidiary of the parent Techedge ApS. After the acquisition, the group has increased its activities in various markets which contributes to the positive growth and earnings of the group in 2018. Furthermore, new activities have been acquired through assets deals in the US and UK.

The group finds the growth and profit for the year to be satisfying and exceeds the latest announced expectations. The positive development is attributable to both organic growth and the acquired businesses.

Expectations for 2019

The group expects a positive increase in profit before tax compared to 2018 due to the expectation of full effects from the acquisitions.

Knowledge resources

The Company possesses knowledge of the industry- and the market which enables the Company and its organization to operate efficiently in the sector for software development. This knowledge is maintained on an ongoing basis by gathering relevant information and by improving the skills and qualifications of the staff.

The staff and its experience are vital to the management and further development of the Company and Management therefore makes efforts to maintain the staff by continuously organizing and developing the organization for it to be an attractive place to work.

Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Consolidated		Parent	
		2018	2017	2018	2017
		DKK	DKK	DKK	DKK
Gross profit/loss		156.971.025	117.180.395	76.465.752	71.074.473
Staff expenses	2	-48.554.397	-32.824.394	-21.178.426	-19.744.382
Depreciation, amortisation and impairment of property, plant and equipment	3	-14.750.337	-662.132	-460.582	-296.277
Profit/loss before financial income and expenses		93.666.291	83.693.869	54.826.744	51.033.814
Income from investments in subsidiaries		0	0	29.823.274	26.593.953
Financial income	4	1.537.298	0	2.303.824	0
Financial expenses		-803.872	-1.653.901	-606.245	-972.813
Profit/loss before tax		94.399.717	82.039.968	86.347.597	76.654.954
Tax on profit/loss for the year	5	-20.433.875	-16.501.049	-12.381.755	-11.116.035
Net profit/loss for the year		73.965.842	65.538.919	73.965.842	65.538.919

Balance Sheet 31 December

Assets

	Note	Consolidated		Parent	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Acquired licenses		33.018.730	0	0	0
Customer database		74.422.109	0	0	0
Goodwill		73.337.646	0	0	0
Intangible assets	6	180.778.485	0	0	0
Other fixtures and fittings, tools and equipment		2.885.612	819.348	1.922.797	616.781
Property, plant and equipment	7	2.885.612	819.348	1.922.797	616.781
Investments in subsidiaries	8	0	0	173.688.680	35.590.999
Deposits	9	1.033.067	774.176	607.577	594.718
Fixed asset investments		1.033.067	774.176	174.296.257	36.185.717
Fixed assets		184.697.164	1.593.524	176.219.054	36.802.498
Trade receivables		20.795.784	9.511.578	4.570.766	5.720.287
Receivables from group enterprises		0	0	45.068.444	0
Other receivables		1.971.564	537.655	295.794	284.314
Deferred tax asset	12	0	86.781	35.327	86.781
Prepayments	10	2.196.732	617.772	1.650.453	372.051
Receivables		24.964.080	10.753.786	51.620.784	6.463.433
Cash at bank and in hand		96.832.668	81.746.856	38.112.150	59.330.901
Currents assets		121.796.748	92.500.642	89.732.934	65.794.334
Assets		306.493.912	94.094.166	265.951.988	102.596.832

Balance Sheet 31 December

Liabilities and equity

	Note	Consolidated		Parent	
		2018 DKK	2017 DKK	2018 DKK	2017 DKK
Share capital		621.118	500.000	621.118	500.000
Reserve for net revaluation under the equity method		0	0	38.871.833	34.800.032
Retained earnings		175.976.788	73.416.427	137.104.955	38.616.395
Proposed dividend for the year		78.000.000	0	78.000.000	0
Equity		254.597.906	73.916.427	254.597.906	73.916.427
Provision for deferred tax	12	23.601.658	0	0	0
Provisions		23.601.658	0	0	0
Trade payables		1.593.873	1.319.081	1.309.815	999.407
Payables to group enterprises		0	0	0	16.031.416
Corporation tax		13.033.286	11.170.347	3.542.459	5.812.994
Other payables		9.300.399	4.184.287	3.620.859	2.837.780
Deferred income	13	4.366.790	3.504.024	2.880.949	2.998.808
Short-term debt		28.294.348	20.177.739	11.354.082	28.680.405
Debt		28.294.348	20.177.739	11.354.082	28.680.405
Liabilities and equity		306.493.912	94.094.166	265.951.988	102.596.832
Events after the balance sheet date	1				
Distribution of profit	11				
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
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Statement of Changes in Equity

Consolidated

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	0	73.416.427	0	73.916.427
Cash capital increase	26.406	0	37.342.624	0	37.369.030
Non-cash capital increase	94.712	0	133.931.168	0	134.025.880
Extraordinary dividend paid	0	0	-65.000.000	0	-65.000.000
Exchange adjustments	0	0	320.727	0	320.727
Net profit/loss for the year	0	0	-4.034.158	78.000.000	73.965.842
Equity at 31 December	621.118	0	175.976.788	78.000.000	254.597.906

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500.000	34.800.032	38.616.395	0	73.916.427
Cash capital increase	26.406	0	37.342.624	0	37.369.030
Non-cash capital increase	94.712	0	133.931.168	0	134.025.880
Extraordinary dividend paid	0	0	-65.000.000	0	-65.000.000
Exchange adjustments	0	320.727	0	0	320.727
Dividend from group enterprises	0	-26.072.200	26.072.200	0	0
Net profit/loss for the year	0	29.823.274	-33.857.432	78.000.000	73.965.842
Equity at 31 December	621.118	38.871.833	137.104.955	78.000.000	254.597.906

Cash Flow Statement 1 January - 31 December

	Note	Consolidated	
		2018 DKK	2017 DKK
Net profit/loss for the year		73.965.842	65.538.919
Adjustments	14	34.771.513	17.479.264
Change in working capital	15	-4.943.738	-1.969.476
Cash flows from operating activities before financial income and expenses		103.793.617	81.048.707
Financial income		1.537.299	0
Financial expenses		-803.872	-1.653.901
Cash flows from ordinary activities		104.527.044	79.394.806
Corporation tax paid		-20.188.336	-19.406.133
Cash flows from operating activities		84.338.708	59.988.673
Purchase of intangible assets		-38.496.583	0
Acquisition etc of property, plant and equipment		-2.866.453	-614.809
Fixed asset investments made etc		-258.890	1.405
Cash flows from investing activities		-41.621.926	-613.404
Cash capital increase		37.369.030	0
Dividend paid		-65.000.000	-69.000.000
Cash flows from financing activities		-27.630.970	-69.000.000
Change in cash and cash equivalents		15.085.812	-9.624.731
Cash and cash equivalents at 1 January		81.746.856	91.371.587
Cash and cash equivalents at 31 December		96.832.668	81.746.856
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		96.832.668	81.746.856
Cash and cash equivalents at 31 December		96.832.668	81.746.856

Notes to the Financial Statements

1 Events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	Consolidated		Parent	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
2 Staff expenses				
Wages and salaries	46.363.063	31.729.741	20.076.664	18.982.650
Other social security expenses	745.358	407.158	175.557	116.901
Other staff expenses	1.445.976	687.495	926.205	644.831
	48.554.397	32.824.394	21.178.426	19.744.382
Average number of employees	69	39	22	22

In accordance with Danish Financial Statements Act §98 b, section 2 information is not provided regarding management salaries.

	Consolidated		Parent	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
3 Depreciation, amortisation and impairment of property, plant and equipment				
Amortisation of intangible assets	13.950.149	0	0	0
Depreciation of property, plant and equipment	800.188	662.132	460.582	296.277
	14.750.337	662.132	460.582	296.277

	Consolidated		Parent	
	2018 DKK	2017 DKK	2018 DKK	2017 DKK
4 Financial income				
Interest received from group enterprises	0	0	940.376	0
Other financial income	128	0	0	0
Exchange gains	1.537.170	0	1.363.448	0
	1.537.298	0	2.303.824	0

Notes to the Financial Statements

	Consolidated		Parent	
	2018	2017	2018	2017
	DKK	DKK	DKK	DKK
5 Tax on profit/loss for the year				
Current tax for the year	22.169.134	16.486.599	12.445.972	11.047.339
Deferred tax for the year	-1.617.400	8.976	51.454	8.976
Adjustment of tax concerning previous years	-117.859	5.474	-115.671	59.720
	20.433.875	16.501.049	12.381.755	11.116.035

6 Intangible assets

Consolidated

	Acquired licenses	Customer database	Goodwill
	DKK	DKK	DKK
Cost at 1 January	0	0	0
Net effect from merger and acquisition	36.687.478	78.339.062	41.235.161
Additions for the year	0	0	38.496.583
Cost at 31 December	36.687.478	78.339.062	79.731.744
Impairment losses and amortisation at 1 January	0	0	0
Exchange adjustment	0	0	29.650
Amortisation for the year	3.668.748	3.916.953	6.364.448
Impairment losses and amortisation at 31 December	3.668.748	3.916.953	6.394.098
Carrying amount at 31 December	33.018.730	74.422.109	73.337.646
Amortised over	10 years	20 years	10 years

Notes to the Financial Statements

7 Property, plant and equipment

Consolidated

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	4.002.719
Exchange adjustment	80.949
Net effect from merger and acquisition	430.511
Additions for the year	<u>2.259.483</u>
Cost at 31 December	<u>6.773.662</u>
Impairment losses and depreciation at 1 January	3.183.371
Exchange adjustment	-95.509
Depreciation for the year	<u>800.188</u>
Impairment losses and depreciation at 31 December	<u>3.888.050</u>
Carrying amount at 31 December	<u>2.885.612</u>

Parent

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	2.745.232
Additions for the year	<u>1.766.598</u>
Kostpris at 31 December	<u>4.511.830</u>
Impairment losses and depreciation at 1 January	2.128.451
Depreciation for the year	<u>460.582</u>
Impairment losses and depreciation at 31 December	<u>2.589.033</u>
Carrying amount at 31 December	<u>1.922.797</u>

Notes to the Financial Statements

	Parent	
	2018 DKK	2017 DKK
8 Investments in subsidiaries		
Cost at 1 January	790.968	790.968
Additions for the year	134.025.880	0
Cost at 31 December	<u>134.816.848</u>	<u>790.968</u>
Value adjustments at 1 January	34.800.031	29.063.104
Exchange adjustment	320.727	-1.403.712
Net profit/loss for the year	39.863.637	26.593.953
Dividend to the Parent Company	-26.072.200	-19.453.314
Amortisation of goodwill	-10.040.363	0
Value adjustments at 31 December	<u>38.871.832</u>	<u>34.800.031</u>
Carrying amount at 31 December	<u>173.688.680</u>	<u>35.590.999</u>
Positive differences arising on initial measurement of subsidiaries at net asset value	<u>130.955.862</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Techedge America Inc.	FL Miami	1.057.920	100%
Techedge UK	Taunton	868	100%
Techedge Asia Pacific, Singapore Pte. Ltd.	Singapore	366	100%
Kantar Tech Spain S.L.	Barcelona	9.295.989	100%

9 Other fixed asset investments

	Consolidated	Parent
	Deposits DKK	Deposits DKK
Cost at 1 January	774.176	594.718
Exchange adjustment	3.920	0
Additions for the year	254.971	12.859
Cost at 31 December	<u>1.033.067</u>	<u>607.577</u>
Carrying amount at 31 December	<u>1.033.067</u>	<u>607.577</u>

Notes to the Financial Statements

10 Prepayments

Prepayments consist of prepaid expenses.

	Parent	
	<u>2018</u> DKK	<u>2017</u> DKK
11 Distribution of profit		
Extraordinary dividend paid	65.000.000	0
Proposed dividend for the year	78.000.000	0
Reserve for net revaluation under the equity method	29.823.274	26.593.954
Retained earnings	<u>-98.857.432</u>	<u>38.944.965</u>
	<u>73.965.842</u>	<u>65.538.919</u>
Extraordinary dividend distributed after the balance sheet date	<u>0</u>	<u>65.000.000</u>

	Consolidated		Parent	
	<u>2018</u> DKK	<u>2017</u> DKK	<u>2018</u> DKK	<u>2017</u> DKK
12 Provision for deferred tax				
Provision for deferred tax at 1 January	-86.781	-95.757	-86.781	-95.757
Amounts recognised in the income statement for the year	-1.617.400	8.976	51.454	8.976
Amounts recognised in equity for the year	<u>25.305.839</u>	<u>0</u>	<u>0</u>	<u>0</u>
Provision for deferred tax at 31 December	<u>23.601.658</u>	<u>-86.781</u>	<u>-35.327</u>	<u>-86.781</u>

Notes to the Financial Statements

13 Deferred income

Deferred income consists of contract accrual.

14 Cash flow statement - adjustments

	Consolidated	
	2018	2017
	DKK	DKK
Financial income	-1.537.298	0
Financial expenses	803.872	1.653.901
Depreciation, amortisation and impairment losses, including losses and gains on sales	14.750.337	662.132
Tax on profit/loss for the year	20.433.875	16.501.049
Other adjustments	320.727	-1.337.818
	34.771.513	17.479.264

15 Cash flow statement - change in working capital

Change in receivables	-9.527.521	-3.983.494
Change in trade payables, etc	4.583.783	2.014.018
	-4.943.738	-1.969.476

16 Contingent assets, liabilities and other financial obligations

Consolidated

Mortgages and securities consist of operational leasing of office rooms and company cars. Operational leasing amounts to DKK 3,301k and DKK 2,097k falls due within one year.

Parent

Mortgages and securities consist of operational leasing of office rooms and company cars. Operational leasing amounts to DKK 1,339k and DKK 1,240k falls due within one year

Notes to the Financial Statements

17 Related parties

Controlling interest

Sahlholt Holding ApS, Denmark
AVelter Holding ApS, Denmark
Cavendish Square Holding B.V., Netherlands

Transactions

All transactions with related parties which has not been according to market conditions are disclosed. There has been no transactions which has not been according to market conditions during the year.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Techedge ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

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

The Consolidated and Parent Company Financial Statements for 2018 are presented in DKK.

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.

Basis of consolidation

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

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Income Statement

Revenue

Revenue from the sale licenses is recognised in the income statement based on license period. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises cost of licenses, consultants and other cost directly associated with the company's primary activities.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report. Gross profit or loss comprises revenue, license cost, and external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale equipment.

Income from investments in subsidiaries

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year, 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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the licence period; however not exceeding 10 years.

Customer database is measured at the lower of cost less accumulated amortisation and recoverable amount. Customer database is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

Impairment of fixed assets

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Investments in subsidiaries

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.

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

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

Prepayments

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

Equity

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax assets and liabilities

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

Current tax receivables and liabilities

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash Flow Statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as payment of dividend.

Financial Highlights

Explanation of financial ratios

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Equity ratio

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$