
Techedge ApS

Dampfærgevej 3, 4., DK-2100 Copenhagen Ø

Annual Report for 1 January - 31 December 2020

CVR No 25 57 37 30

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/6 2021

Andreas Velter
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Cash Flow Statement 1 January - 31 December	12
Notes to the Financial Statements	13

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 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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, 16 June 2021

Executive Board

Søren Holmberg Andersen

Board of Directors

Keld Lunda Nielsen
Chairman

Manish Bhatia

Andreas Velter

Henrik Sahlholt

Independent Auditor's Report

To the Shareholders of Techedge ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 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 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Techedge ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's Report

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 16 June 2021

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

Telephone: + 45 35314080
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

Keld Lunda Nielsen, Chairman
Manish Bhatia
Andreas Velter
Henrik Sahlholt

Executive Board

Søren Holmberg Andersen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Bankers

Jyske Bank
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				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	195.547	179.171	156.971	117.180	113.164
Operating profit/loss	126.528	114.613	93.666	83.694	78.940
Net financials	-5.463	2.534	733	-1.654	-612
Net profit/loss for the year	95.091	91.810	73.966	65.539	62.579
Balance sheet					
Balance sheet total	414.720	319.069	306.580	94.094	99.876
Equity	362.689	268.552	254.598	73.916	78.798
Cash flows					
Cash flows from:					
including investment in property, plant and equipment	-1.488	-2.763	-2.866	-615	-246
Number of employees	67	68	69	39	39
Ratios					
Return on equity	30,1%	35,1%	45,0%	85,8%	94,5%
Equity ratio	87,3%	84,2%	83,1%	78,5%	78,9%

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

Management's Review

Key activities

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

Development in activities and finances

The income statement of the Group for 2020 shows a profit of DKK 95,091,301, and at 31 December 2020 the balance sheet of the Group shows equity of DKK 362,689,432.

The group finds the growth and profit for the year to be satisfying and is in line with expectations for the year. The positive development is attributed to growth attributed to previous years investments in non-linear data reporting and diligent, temporary cost reduction measures in the light of the Covid pandemic.

Expectations for 2021

Management expects a 2021 results to be similar to 2020, challenged by market consolidation and a smaller effect of Covid 19. Various long-term projects has been postponed, which otherwise could have contributed to further growth, as software and data hosting become increasingly important parts of the audience measurement business.

Management expects the company to invest in several new initiatives during the 2nd half of 2021, some of which will be conducted in collaboration with Kantar Media, others are conducted with external parties. These initiatives are expected to generate a positive financial effect in 2022 and beyond.

Knowledge resources

The Group possesses knowledge of the industry- and the market which enables the Group 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 Group 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	
		2020	2019	2020	2019
		DKK	DKK	DKK	DKK
Gross profit/loss		195.547.260	179.171.207	88.050.865	82.575.579
Staff expenses	1	-52.837.121	-48.667.890	-26.320.779	-22.751.691
Depreciation, amortisation and impairment of property, plant and equipment	2	-16.182.395	-15.890.736	-1.779.831	-1.356.315
Profit/loss before financial income and expenses		126.527.744	114.612.581	59.950.255	58.467.573
Income from investments in subsidiaries		0	0	50.006.271	43.569.302
Financial income	3	252.165	2.807.119	4.671.569	3.370.400
Financial expenses		-5.714.956	-273.315	-6.802.667	-112.609
Profit/loss before tax		121.064.953	117.146.385	107.825.428	105.294.666
Tax on profit/loss for the year	4	-25.973.652	-25.336.564	-12.734.127	-13.484.845
Net profit/loss for the year		95.091.301	91.809.821	95.091.301	91.809.821

Balance Sheet 31 December

Assets

	Note	Consolidated		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Acquired licenses		25.681.234	29.348.982	0	0
Customer database		66.588.203	70.505.156	0	0
Goodwill		61.252.165	67.922.178	0	0
Intangible assets	5	153.521.602	167.776.316	0	0
Other fixtures and fittings, tools and equipment		3.233.520	3.900.318	3.037.303	3.328.738
Property, plant and equipment	6	3.233.520	3.900.318	3.037.303	3.328.738
Investments in subsidiaries	7	0	0	196.334.357	186.065.998
Deposits	8	1.037.134	1.018.079	648.631	625.477
Fixed asset investments		1.037.134	1.018.079	196.982.988	186.691.475
Fixed assets		157.792.256	172.694.713	200.020.291	190.020.213
Trade receivables		12.555.685	17.203.968	4.095.678	9.134.087
Receivables from group enterprises		131.209.625	41.808.263	160.187.833	75.049.747
Receivables from associates		0	15.451	0	15.451
Other receivables		158.875	284.326	49.224	66.248
Deferred tax asset	11	0	0	177.025	67.206
Corporation tax		1.951.661	0	1.951.661	0
Prepayments	9	368.625	997.589	310.577	671.489
Receivables		146.244.471	60.309.597	166.771.998	85.004.228
Cash at bank and in hand		110.682.869	86.064.298	16.311.093	9.991.668
Currents assets		256.927.340	146.373.895	183.083.091	94.995.896
Assets		414.719.596	319.068.608	383.103.382	285.016.109

Balance Sheet 31 December

Liabilities and equity

	Note	Consolidated		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		621.118	621.118	621.118	621.118
Reserve for net revaluation under the equity method		0	0	61.517.512	61.289.516
Reserve for exchange adjustments		-954.232	0	0	0
Retained earnings		193.022.546	267.931.245	130.550.802	206.641.729
Proposed dividend for the year		170.000.000	0	170.000.000	0
Equity		362.689.432	268.552.363	362.689.432	268.552.363
Provision for deferred tax	11	20.315.102	21.900.924	0	0
Provisions		20.315.102	21.900.924	0	0
Other payables		0	784.137	0	784.137
Long-term debt		0	784.137	0	784.137
Trade payables		2.305.084	1.228.801	1.709.920	1.185.379
Payables to group enterprises		0	0	4.704.065	3.485.744
Corporation tax		14.252.301	15.453.400	2.843.929	4.635.372
Other payables		11.879.456	6.118.867	8.646.066	3.060.260
Deferred income		3.278.221	5.030.116	2.509.970	3.312.854
Short-term debt		31.715.062	27.831.184	20.413.950	15.679.609
Debt		31.715.062	28.615.321	20.413.950	16.463.746
Liabilities and equity		414.719.596	319.068.608	383.103.382	285.016.109
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	14				
Related parties	15				
Accounting Policies	16				

Statement of Changes in Equity

Consolidated

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange adjustments	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	621.118	0	0	267.931.245	0	268.552.363
Exchange adjustments	0	0	-954.232	0	0	-954.232
Net profit/loss for the year	0	0	0	-74.908.699	170.000.000	95.091.301
Equity at 31 December	621.118	0	-954.232	193.022.546	170.000.000	362.689.432

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange adjustments	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	621.118	61.289.516	0	206.641.729	0	268.552.363
Exchange adjustments	0	-954.232	0	0	0	-954.232
Dividend from group enterprises	0	-38.783.680	0	38.783.680	0	0
Other equity movements	0	-10.040.363	0	10.040.363	0	0
Net profit/loss for the year	0	50.006.271	0	-124.914.970	170.000.000	95.091.301
Equity at 31 December	621.118	61.517.512	0	130.550.802	170.000.000	362.689.432

Cash Flow Statement 1 January - 31 December

	Note	Consolidated	
		2020 DKK	2019 DKK
Net profit/loss for the year		95.091.301	91.809.821
Adjustments	12	46.892.118	37.607.409
Change in working capital	13	-79.682.375	-37.343.470
Cash flows from operating activities before financial income and expenses		62.301.044	92.073.760
Financial income		252.164	2.807.120
Financial expenses		-5.714.953	-273.314
Cash flows from ordinary activities		56.838.255	94.607.566
Corporation tax paid		-30.712.233	-24.627.469
Cash flows from operating activities		26.126.022	69.980.097
Purchase of property, plant and equipment		-1.488.396	-2.763.454
Fixed asset investments made etc		-19.055	14.987
Cash flows from investing activities		-1.507.451	-2.748.467
Dividend paid		0	-78.000.000
Cash flows from financing activities		0	-78.000.000
Change in cash and cash equivalents		24.618.571	-10.768.370
Cash and cash equivalents at 1 January		86.064.298	96.832.668
Cash and cash equivalents at 31 December		110.682.869	86.064.298
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		110.682.869	86.064.298
Cash and cash equivalents at 31 December		110.682.869	86.064.298

Notes to the Financial Statements

	Consolidated		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
1 Staff expenses				
Wages and salaries	50.657.926	46.356.338	25.815.237	22.069.601
Pensions	127.416	0	0	0
Other social security expenses	1.500.420	1.497.124	148.141	161.677
Other staff expenses	551.359	814.428	357.401	520.413
	52.837.121	48.667.890	26.320.779	22.751.691
Average number of employees	67	68	23	22
In accordance with Danish Financial Statements Act §98 b, section 2 information is not provided regarding management salaries.				
2 Depreciation, amortisation and impairment of property, plant and equipment				
Amortisation of intangible assets	14.254.714	14.141.986	0	0
Depreciation of property, plant and equipment	1.927.681	1.748.750	1.779.831	1.356.315
	16.182.395	15.890.736	1.779.831	1.356.315
3 Financial income				
Interest received from group enterprises	0	0	4.492.893	1.230.506
Other financial income	0	530.405	0	0
Exchange gains	252.165	2.276.714	178.676	2.139.894
	252.165	2.807.119	4.671.569	3.370.400

Notes to the Financial Statements

	Consolidated		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
4 Tax on profit/loss for the year				
Current tax for the year	26.738.908	27.133.778	12.843.930	13.613.204
Deferred tax for the year	-1.585.822	-1.700.734	-109.819	-31.879
Adjustment of tax concerning previous years	820.566	1.520	16	-96.480
Adjustment of deferred tax concerning previous years	0	-98.000	0	0
	25.973.652	25.336.564	12.734.127	13.484.845

5 Intangible assets

Consolidated

	Acquired licenses	Customer database	Goodwill
	DKK	DKK	DKK
Cost at 1 January	36.687.478	78.339.062	81.089.170
Cost at 31 December	36.687.478	78.339.062	81.089.170
Impairment losses and amortisation at 1 January	7.337.496	7.833.906	13.167.992
Amortisation for the year	3.668.748	3.916.953	6.669.013
Impairment losses and amortisation at 31 December	11.006.244	11.750.859	19.837.005
Carrying amount at 31 December	25.681.234	66.588.203	61.252.165
Amortised over	10 years	20 years	10 years

Notes to the Financial Statements

6 Property, plant and equipment

Consolidated

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	8.454.775
Exchange adjustment	147.850
Additions for the year	1.488.396
Disposals for the year	-1.046.353
Cost at 31 December	<u>9.044.668</u>
Impairment losses and depreciation at 1 January	4.929.820
Depreciation for the year	1.927.681
Reversal of impairment and depreciation of sold assets	-1.046.353
Impairment losses and depreciation at 31 December	<u>5.811.148</u>
Carrying amount at 31 December	<u>3.233.520</u>

Parent

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	8.258.558
Additions for the year	1.488.396
Disposals for the year	-1.046.353
Kostpris at 31 December	<u>8.700.601</u>
Impairment losses and depreciation at 1 January	4.929.820
Depreciation for the year	1.779.831
Reversal of impairment and depreciation of sold assets	-1.046.353
Impairment losses and depreciation at 31 December	<u>5.663.298</u>
Carrying amount at 31 December	<u>3.037.303</u>

Notes to the Financial Statements

	Parent	
	2020	2019
	DKK	DKK
7 Investments in subsidiaries		
Cost at 1 January	134.816.845	134.816.845
Cost at 31 December	134.816.845	134.816.845
Value adjustments at 1 January	51.249.153	38.871.832
Exchange adjustment	-954.232	144.636
Net profit/loss for the year	60.046.634	53.609.668
Dividend to the Parent Company	-38.783.680	-31.336.620
Amortisation of goodwill	-10.040.363	-10.040.363
Value adjustments at 31 December	61.517.512	51.249.153
Carrying amount at 31 December	196.334.357	186.065.998
Positive differences arising on initial measurement of subsidiaries at net asset value	130.955.862	130.955.862

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%

8 Other fixed asset investments

	Consolidated	Parent
	Deposits	Deposits
	DKK	DKK
Cost at 1 January	1.018.079	625.478
Exchange adjustment	-4.098	0
Additions for the year	23.153	23.153
Cost at 31 December	1.037.134	648.631
Carrying amount at 31 December	1.037.134	648.631

Notes to the Financial Statements

9 Prepayments

Prepayments consist of prepaid expenses.

10 Distribution of profit

	Parent	
	2020	2019
	DKK	DKK
Proposed dividend for the year	170.000.000	0
Reserve for net revaluation under the equity method	50.006.271	53.609.667
Retained earnings	-124.914.970	38.200.154
	95.091.301	91.809.821

11 Provision for deferred tax

	Consolidated		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Provision for deferred tax at 1 January	21.900.924	23.601.658	-67.206	-35.327
Amounts recognised in the income statement for the year	-1.585.822	-1.700.734	-109.819	-31.879
Provision for deferred tax at 31 December	20.315.102	21.900.924	-177.025	-67.206

12 Cash flow statement - adjustments

	Consolidated	
	2020	2019
	DKK	DKK
Financial income	-252.165	-2.807.119
Financial expenses	5.714.956	273.315
Depreciation, amortisation and impairment losses, including losses and gains on sales	16.182.395	15.890.736
Tax on profit/loss for the year	25.973.652	25.336.564
Other adjustments	-726.720	-1.086.087
	46.892.118	37.607.409

Notes to the Financial Statements

13 Cash flow statement - change in working capital

Change in receivables	-83.983.214	-35.244.335
Change in trade payables, etc	4.300.839	-2.099.135
	<u>-79.682.375</u>	<u>-37.343.470</u>

14 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 4,406k and DKK 2,191k falls due within one year.

Parent

Mortgages and securities consist of operational leasing of office rooms and company cars. Operational leasing amounts to DKK 3,607k and DKK 1,325k falls due within one year

15 Related parties

Controlling interest

Taylor Nelson Sofres 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.

Consolidated Financial Statements

The company is included in the consolidated report for the parent company

<u>Name</u>	<u>Place of registered office</u>
Kantar Global Holdings S.à r.l.	4, rue Lou Hemmer, L-1748 Senningerberg, Luxembourg
Taylor Nelson Sofres B.V.	Laan op Zuid 167, 3072 DB Rotterdam, Netherland

Copies of the financial statements of Kantar Global Holdings S.à r.l. are available from Kantar Global Holdings S.à r.l. at its registered office in Luxembourg, from the Luxembourg Registre de Commerce et des Sociétés (RCS) and from the investor relations section of the Kantar.com website.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Techedge ApS for 2020 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 remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 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

16 Accounting Policies (continued)

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

Notes to the Financial Statements

16 Accounting Policies (continued)

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may 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.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 of 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

16 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
--	-----------

The fixed assets' residual values are determined at nil.

Estimated useful lives and residual values are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Other financial liabilities

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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

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