
Cibicom A/S

Industriparken 35, DK-2750 Ballerup

Annual Report for 1 January - 31 December 2021

CVR No 25 59 80 08

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/5 2022

Søren Fæster
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
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	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 Cibicom A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

Taastrup, 24 May 2022

Executive Board

Michael Meister
CEO

Søren Fæster
CFO

Board of Directors

Rasmus Forup Helmich
Chairman

Søren Fæster

Kevin Kristoffer Ehnhuus
Iermiin

Michael Meister

Hans-Christian Ploug
Staff Representative

Søren Henry Pazdzior
Staff Representative

Independent Auditor's Report

To the Shareholder of Cibicom A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cibicom A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent Auditor's Report

Hellerup, 24 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorised Public Accountant

mne28703

Michael Krath

State Authorised Public Accountant

mne34155

Company Information

The Company

Cibicom A/S
Industriparken 35
DK-2750 Ballerup

Telephone: + 45 70118011
E-mail: info@cibicom.dk
Website: www.cibicom.dk

CVR No: 25 59 80 08
Financial period: 1 January - 31 December
Incorporated: 1 September 2000
Financial year: 21st financial year
Municipality of reg. office: Ballerup

Board of Directors

Rasmus Forup Helmich, Chairman
Søren Fæster
Kevin Kristoffer Ehnhuus Iermiin
Michael Meister
Hans-Christian Ploug
Søren Henry Pazdzior

Executive Board

Michael Meister
Søren Fæster

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2021	2020	2019	2018	2017
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Gross profit/loss	170	172	179	187	195
Operating profit/loss	51	54	60	66	68
Profit/loss before financial income and expenses	51	54	60	66	68
Net financials	10	-1	1	-1	0
Net profit/loss for the year	52	44	50	50	53
Balance sheet					
Balance sheet total	933	909	915	861	1.163
Equity	453	402	358	307	1.085
Number of employees	82	71	71	67	72
Ratios					
Return on assets	5,5%	5,9%	6,6%	7,7%	5,8%
Solvency ratio	48,6%	44,2%	39,1%	35,7%	93,3%
Return on equity	12,2%	11,6%	15,0%	7,2%	4,9%
EBITDA	114	123	133	139	142

Management's Review

Key activities

Cibicom A/S's primary activities consist of:

- Operation of radio and TV broadcasting networks and mission critical communication systems
- Design, installation and maintenance services related to the radio and TV broadcasting networks as well as other critical communication infrastructure
- Rental of positions for antenna systems and communication platform at Cibicom A/S' towers
- Design, implementation and operation of network infrastructure, MPLS and Internet access
- Datacenter and co-location activities
- IOT / interdevice communication solutions
- Fiber connectivity solutions to b2b.

Operation

Cibicom A/S operates a communication and infrastructure platform e.g., for national radio and TV broadcasting companies in Denmark performing preventative and corrective maintenance and further development of the communication infrastructure. The activities changes and/or expands as new networks are established or existing are modified.

The external environment with respect to broadcast of Radio and TV has found a level of stability. The key drivers for TV broadcast are still the decline in flow-tv penetration ('cable cutting and shaping') and the shift from DTT distribution to stream technology and on-demand although there is a recognition of the benefits of having both entertainment and information broadcasted with a low latency (delay) as possible as a prerequisite for real-time usage and applications.

Antenna space rental associated with our broadcast activities and telco infrastructure business showed a stable trend during the year. The company provides services in this area to broadcasters, telecom operators and tele infrastructure providers and we will accelerate our investments into this area going forward.

Cibicom has already expanded its business into the fiber interconnect area (b2B) where we offer connectivity through our substantial backbone infrastructure. We expect this part of our business to grow substantially in the coming period.

Datacenter and co-location is another growth area where we are investing in new datacenter facilities and have high expectations for the future in the business area.

Cibicom A/S has for several years been running our own 24/7/365 Operations Center (NOC), with onsite staff monitoring all networks, infrastructure and other communication services continuously and provide services related to handling incidents and dispatching fields service personal.

Monitoring covers all geographic locations where Cibicom has placed its equipment, which is more than 375 locations all over Denmark, including a number of islands without bridge connections.

Management's Review

Development in the year

The income statement of the Company for 2021 shows a profit of TDKK 51,536, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 453,339.

The profit is considered satisfactory.

In 2021 EBITDA, adjusted for non-recurring cost, was DKK 128 mio.

Special risks - operating risks and financial risks

Operating risks are in general evaluated as being low. No short term financial risks has been identified.

Research and development

Cibicom A/S continues to priorities resources to ensure a broad knowledge base and competencies inhouse to support business development within several business segments such as IOT technology, datacenter services and mission-critical services.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events.

Subsequent events

Reference is made to note 1 in the Financial Statements.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit/loss		169.632	171.892
Staff expenses	2	<u>-56.090</u>	<u>-48.418</u>
Profit/loss before depreciation (EBITDA)		113.542	123.474
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-62.944</u>	<u>-69.481</u>
Profit/loss before financial income and expenses		50.598	53.993
Income from investments in subsidiaries	4	20.789	11.471
Financial income	5	449	164
Financial expenses		<u>-11.653</u>	<u>-12.861</u>
Profit/loss before tax		60.183	52.767
Tax on profit/loss for the year	6	<u>-8.647</u>	<u>-9.180</u>
Net profit/loss for the year		<u>51.536</u>	<u>43.587</u>

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Acquired licenses		685	286
Acquired other similar rights		0	2.471
Intangible assets	7	685	2.757
Land and buildings		325.821	325.168
Plant and machinery		99.011	51.742
Other fixtures and fittings, tools and equipment		12.835	14.238
Property, plant and equipment in progress		45.866	55.711
Masts and equipment		264.363	273.900
Property, plant and equipment	8	747.896	720.759
Investments in subsidiaries	9	69.046	48.256
Other receivables	10	1.569	2.596
Fixed asset investments		70.615	50.852
Fixed assets		819.196	774.368
Inventories		312	373
Trade receivables		12.821	5.647
Contract work in progress	11	2.844	0
Receivables from group enterprises		27.095	26.949
Other receivables		2	4.867
Deferred tax asset	12	32.677	32.862
Prepayments	13	7.483	7.521
Receivables		82.922	77.846
Cash at bank and in hand		30.950	56.063
Currents assets		114.184	134.282
Assets		933.380	908.650

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		38.000	38.000
Retained earnings		415.339	363.803
Equity		453.339	401.803
Provisions for pensions and similar obligations		3.696	3.696
Other provisions	17	767	1.739
Provisions		4.463	5.435
Mortgage loans		280.966	325.878
Lease obligations		50.043	23.330
Prepayments received from customers		3.216	5.788
Deposits		17.043	17.485
Other payables, long-term debt		3.749	5.166
Long-term debt	15	355.017	377.647
Mortgage loans	15	45.649	45.414
Lease obligations	15	17.285	7.613
Prepayments received from customers	15	284	4.727
Trade payables		25.387	35.810
Contract work in progress, liabilities	11	710	3.465
Payables to group enterprises		12.002	4.069
Corporation tax		8.330	14.003
Other payables	15	10.914	8.664
Short-term debt		120.561	123.765
Debt		475.578	501.412
Liabilities and equity		933.380	908.650
Subsequent events	1		
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Accounting Policies	20		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	38.000	363.803	401.803
Net profit/loss for the year	0	51.536	51.536
Equity at 31 December	38.000	415.339	453.339

Notes to the Financial Statements

1 Subsequent events

In March 2022, the Company acquired all the shares in Telpartner A/S.

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

	2021 TDKK	2020 TDKK
2 Staff expenses		
Wages and salaries	47.118	40.542
Pensions	5.898	5.097
Other social security expenses	347	631
Other staff expenses	2.727	2.148
	56.090	48.418
Average number of employees	82	71

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

The Company's Executive Board is employed at DK Infrastructure Bidco ApS. Remuneration take place in DK Infrastructure Bidco ApS.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	2.881	3.096
Depreciation of property, plant and equipment	60.063	66.385
	62.944	69.481
Which is specified as follows:		
Acquired patents	2.881	3.096
Buildings	17.273	21.852
Plant and machinery	18.017	18.121
Other fixtures and fittings, tools and equipment	3.685	4.270
Masts and equipment	21.088	22.142
	62.944	69.481

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>	
4 Income from investments in subsidiaries			
Share of profits of subsidiaries	20.789	11.471	
	<u>20.789</u>	<u>11.471</u>	
5 Financial income			
Interest received from group enterprises	449	164	
	<u>449</u>	<u>164</u>	
6 Tax on profit/loss for the year			
Current tax for the year	8.462	12.017	
Deferred tax for the year	185	-2.837	
	<u>8.647</u>	<u>9.180</u>	
7 Intangible assets			
	Acquired licenses <u>TDKK</u>	Acquired other similar rights <u>TDKK</u>	Total <u>TDKK</u>
Cost at 1 January	1.246	90.681	91.927
Additions for the year	809	0	809
Cost at 31 December	<u>2.055</u>	<u>90.681</u>	<u>92.736</u>
Impairment losses and amortisation at 1 January	960	88.210	89.170
Amortisation for the year	410	2.471	2.881
Impairment losses and amortisation at 31 December	<u>1.370</u>	<u>90.681</u>	<u>92.051</u>
Carrying amount at 31 December	<u>685</u>	<u>0</u>	<u>685</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Masts and equipment	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	542.810	319.522	40.614	55.711	499.321	1.457.978
Additions for the year	2.228	11.507	868	72.857	0	87.460
Disposals for the year	0	0	0	-261	0	-261
Transfers for the year	15.698	53.779	1.414	-82.441	11.551	1
Cost at 31 December	560.736	384.808	42.896	45.866	510.872	1.545.178
Impairment losses and depreciation at 1 January	217.642	267.780	26.376	0	225.421	737.219
Depreciation for the year	17.273	18.017	3.685	0	21.088	60.063
Impairment losses and depreciation at 31 December	234.915	285.797	30.061	0	246.509	797.282
Carrying amount at 31 December	325.821	99.011	12.835	45.866	264.363	747.896
Including assets under finance leases amounting to	3.402	63.737	1.691	0	0	68.830

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
9 Investments in subsidiaries		
Cost at 1 January	21.629	21.629
Cost at 31 December	21.629	21.629
Value adjustments at 1 January	26.627	14.775
Net profit/loss for the year	20.790	11.471
Other equity movements, net	0	381
Value adjustments at 31 December	47.417	26.627
Carrying amount at 31 December	69.046	48.256

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Cibicom Services A/S	Taastrup	2.001.100	100%	52.540	6.674
Cibicom Mobility ApS	Taastrup	5.000.100	100%	16.506	14.116
				69.046	20.790

10 Other fixed asset investments

	Other receiv- ables TDKK
Cost at 1 January	2.597
Additions for the year	14
Disposals for the year	-1.042
Cost at 31 December	1.569
Carrying amount at 31 December	1.569

Notes to the Financial Statements

	<u>2021</u> TDKK	<u>2020</u> TDKK
11 Contract work in progress		
Selling price of work in progress	4.172	4.267
Payments received on account	<u>-2.038</u>	<u>-7.732</u>
	<u>2.134</u>	<u>-3.465</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	2.844	0
Prepayments received recognised in debt	<u>-710</u>	<u>-3.465</u>
	<u>2.134</u>	<u>-3.465</u>

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
12 Deferred tax asset		
Deferred tax asset at 1 January	32.862	30.025
Amounts recognised in the income statement for the year	-185	2.837
Deferred tax asset at 31 December	32.677	32.862
Intangible assets	-151	-607
Property, plant and equipment	17.196	29.690
Lease obligations	14.812	2.834
Contract work in progress	-170	-466
Amortization	8	6
Other debts	813	813
Other provisions	169	592
Transferred to deferred tax asset	-32.677	-32.862
	0	0
Deferred tax asset		
Calculated tax asset	32.677	32.862
Carrying amount	32.677	32.862

The Company's deferred tax asset amounts to TDKK 32.677 (2020: TDKK 32.862). The majority of the deferred tax asset amount is due to temporary differences in tax depreciations concerning fixed assets. The deferred tax assets has been computed based on a tax rate of 22 %.

Management has found it fair to recognise the tax asset at its full value as it is expected to be utilised according to the Company's budgets and future projects.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, interest and salary as well.

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
14 Distribution of profit		
Retained earnings	51.536	43.587
	51.536	43.587

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
Mortgage loans		
After 5 years	101.276	147.877
Between 1 and 5 years	179.690	178.001
Long-term part	280.966	325.878
Within 1 year	45.649	45.414
	326.615	371.292
Lease obligations		
Between 1 and 5 years	50.043	23.330
Long-term part	50.043	23.330
Within 1 year	17.285	7.613
	67.328	30.943
Prepayments received from customers		
Between 1 and 5 years	3.216	5.788
Long-term part	3.216	5.788
Other prepayments from customers	284	4.727
	3.500	10.515
Deposits		
Between 1 and 5 years	17.043	17.485
Long-term part	17.043	17.485
Within 1 year	0	0
	17.043	17.485

Notes to the Financial Statements

15 Long-term debt (continued)

	2021	2020
	TDKK	TDKK
Other payables, long-term debt		
Between 1 and 5 years	3.749	5.166
Long-term part	3.749	5.166
Other short-term payables	10.914	8.664
	14.663	13.830

16 Provisions for pensions and similar obligations

The company must pay civil servant pensions to current and former employees. Other provisions of TDKK 3,696 have been recognized for expected pension payments.

Provisions	3.696	3.696
	3.696	3.696

17 Other provisions

Other provisions	767	1.739
	767	1.739

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
18 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with an accounting value excluding leasing assets	325.821	325.168
The following assets have been placed as security for lease obligations:		
Plant and equipment with an accounting value	68.830	30.069
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.726	1.745
Between 1 and 5 years	1.557	2.194
	3.283	3.939
Lease commitments in the non-cancellable periode	70.905	1.042
Other contractual obligation	0	9

Other contingent liabilities

The Company has entered into few lease agreements with restoration obligations. The likelihood of a claim for restoration being assessed is considered to be low, and therefore no provision has been recognized for this.

The Company has issue a letter of support for one of its subsidiary valid until 31 March 2023.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of DK Infrastructure Topco ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are no further security and contingent liabilities at 31 December 2021.

Notes to the Financial Statements

19 Related parties

	<u>Basis</u>
Controlling interest	
DK Infrastructure Topco ApS, Industriparken 35, DK-2750 Ballerup	Ultimate parent company
DK Infrastructure Bidco ApS, Industriparken 35, DK-2750 Ballerup	Owns 100 % of the share capital of the Company

Transactions

All of the Company's transactions have been carried out on an arm's length basis.

Consolidated Financial Statements

The company is included in the consolidated financial statements of the following companies:

<u>Name</u>	<u>Place of registered office</u>
DK Infrastructure Topco ApS	DK-2750 Ballerup
DK Infrastructure Bidco ApS	DK-2750 Ballerup

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Cibicom A/S for 2021 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 Financial Statements for 2021 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of DK Infrastructure Bidco ApS, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of DK Infrastructure Bidco ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

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

Notes to the Financial Statements

20 Accounting Policies (continued)

assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

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. 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services have been rendered to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Intangible fixed assets acquired is measured at cost less accumulated amortisation.

Intangible fixed assets comprise the right of use for joint equipment on the master. The right of use is amortized on a straight-line basis over the 12-year contractual term of the rights.

Licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the licence period; however not exceeding 3 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	7-40 years
Plant and machinery	5-20 years
Masts and equipment	11-30 years
Other fixtures and fittings	2-15 years

The fixed assets' residual values are determined at nil.

Notes to the Financial Statements

20 Accounting Policies (continued)

Depreciation period and residual value 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 subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and manage-

Notes to the Financial Statements

20 Accounting Policies (continued)

ment.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and licenses.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax

Notes to the Financial Statements

20 Accounting Policies (continued)

entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$