

Epinion P/S

Ryesgade 3 F, 4., 2200 København N

Company reg. no. 25 63 86 70

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 4 September 2020.

Berit Hoelgaard Didriksen
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The management have today presented the annual report of Epinion P/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities and cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

København N, 4 September 2020

Managing Director

Berit Hoelgaard Didriksen

Board of directors

Mogens Storgaard Jakobsen

Berit Hoelgaard Didriksen

Søren Hoelgaard Justesen

Independent auditor's report

To the shareholders of Epinion P/S

Opinion

We have audited the annual accounts of Epinion P/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity, statement of cash flows and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 4 September 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Claus Koskelin

State Authorised Public Accountant
mne30140

Company information

The company

Epinion P/S
Ryesgade 3 F, 4.
2200 København N

Company reg. no. 25 63 86 70
Established: 27 September 2000
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Mogens Storgaard Jakobsen
Berit Hoelgaard Didriksen
Søren Hoelgaard Justesen

Managing Director

Berit Hoelgaard Didriksen

General partner

Epinion Komplementar ApS

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Financial highlights

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income statement:					
Net turnover	151.450	146.768	141.907	126.858	111.075
Gross profit	72.026	76.810	68.266	65.653	58.477
Profit from ordinary operating activities	-7.200	2.120	1.716	894	1.136
Net financials	-313	-767	-946	-706	-586
Net profit or loss for the year	-7.513	1.353	770	188	550
Statement of financial position:					
Balance sheet total	40.961	48.930	42.753	41.525	33.427
Investments in property, plant and equipment	444	419	307	198	139
Equity	6.590	15.432	6.477	5.707	5.518
Employees:					
Average number of full-time employees	138	134	130	0	0
Key figures in %:					
Solvency ratio	16,1	31,5	15,1	13,7	16,5
Return on equity	-68,2	12,4	12,6	3,3	10,5

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management commentary

The principal activities of the company

Epinion's primary activities fall in between market research and management consulting. More specifically Epinion collects and analyses customer data to share managerial insights and advice public institutions and private companies. In this value adding process Epinion analyzes both big/thick and survey/digital data - and applies both classic and advanced methods to collect and analyze data.

Epinions primary activities are organized across four business units: 1) Public & Politics, 2) Aviation, 3) Transportation and 4) Commercial. Public & Politics has mainly Danish presence whereas Transportation operates in Denmark, Norway and Sweden. Aviation covers ~40 airports globally and Commercial serves Danish brands with both Danish and international presence.

Development in activities and financial matters

The net turnover for the year is t.DKK 151.447 against t.DKK 146.768 last year. The results from ordinary activities after tax are t.DKK -7.595 against t.DKK 1.352 last year. The development does not meet the expectations expressed in the annual report for 2018. The management considers the results unsatisfactory.

The expected development

Given the current situation around Covid-19 - the company's management cannot comment on the financial implications and expected results for the financial year 2020.

Events subsequent to the financial year

The Coronavirus (COVID 19) has had a direct impact on the company's revenue and liquidity after the end of the financial year. See note 1 for further elaboration.

Branches abroad

The company has a branch in Belgium.

Income statement 1 January - 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Net turnover	151.449.773	146.768
Raw materials and consumables used	-57.460.822	-52.721
Other external costs	-21.962.518	-17.237
Gross profit	72.026.433	76.810
2 Staff costs	-77.114.328	-72.782
3 Depreciation, amortisation, and impairment	-2.112.221	-1.908
Operating profit	-7.200.116	2.120
Other financial income	1.588.251	1.120
Other financial costs	-1.900.992	-1.887
4 Net profit or loss for the year	-7.512.857	1.353

Statement of financial position at 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
5 Acquired licences	632.947	682
6 Goodwill	663.748	2.014
Total intangible assets	<u>1.296.695</u>	<u>2.696</u>
7 Other fixtures and fittings, tools and equipment	781.788	673
8 Leasehold improvements	124.016	36
Total property, plant, and equipment	<u>905.804</u>	<u>709</u>
9 Other receivables	1.237.913	1.203
Total investments	<u>1.237.913</u>	<u>1.203</u>
Total non-current assets	<u>3.440.412</u>	<u>4.608</u>
Current assets		
Trade debtors	33.789.152	36.559
10 Contract work in progress	2.364.308	4.740
11 Prepayments and accrued income	819.083	1.164
Total receivables	<u>36.972.543</u>	<u>42.463</u>
Available funds	547.559	1.859
Total current assets	<u>37.520.102</u>	<u>44.322</u>
Total assets	<u>40.960.514</u>	<u>48.930</u>

Statement of financial position at 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
Contributed capital	1.267.000	1.267
Results brought forward	5.323.038	13.946
Proposed dividend for the financial year	0	219
Total equity	<u>6.590.038</u>	<u>15.432</u>
Liabilities other than provisions		
Deposits	450.000	450
Other payables	2.159.601	0
12 Total long term liabilities other than provisions	<u>2.609.601</u>	<u>450</u>
Bank debts	5.700.171	7.026
10 Prepayments received from customers concerning work in progress for the account of others	2.720.708	3.381
Trade creditors	7.867.127	5.810
Other debts	15.472.869	16.831
Total short term liabilities other than provisions	<u>31.760.875</u>	<u>33.048</u>
Total liabilities other than provisions	<u>34.370.476</u>	<u>33.498</u>
Total equity and liabilities	<u>40.960.514</u>	<u>48.930</u>

1 Subsequent events

13 Charges and security

14 Contingencies

15 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2018	1.265	4.852	0	6.117
Capital increase	2	11.133	0	11.135
Profit or loss for the year brought forward	0	1.135	219	1.354
Adjustment due to merger	0	-3.174	0	-3.174
Equity 1 January 2019	1.267	13.946	219	15.432
Distributed dividend	0	0	-219	-219
Profit or loss for the year brought forward	0	-7.513	0	-7.513
Other adjustments	0	-1.110	0	-1.110
	1.267	5.323	0	6.590

Statement of cash flows 1 January - 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Net profit or loss for the year	-7.512.857	1.353
16 Adjustments	2.424.963	1.697
17 Change in working capital	6.508.768	-2.421
Cash flows from operating activities before net financials	1.420.874	629
Interest received, etc.	1.588.251	1.120
Interest paid, etc.	-1.900.990	-1.888
Cash flows from ordinary activities	1.108.135	-139
Cash flows from operating activities	1.108.135	-139
Purchase of intangible assets	-352.346	-759
Purchase of tangible fixed assets	-557.835	-419
Purchase of fixed asset investments	0	-24
Change in deposits	35.050	0
Cash flows from investment activities	-875.131	-1.202
Dividend paid	-218.506	0
Cash flow from financing activities	-218.506	0
Change in cash and cash equivalents	14.498	-1.341
Cash and cash equivalents at 1 January 2019	-5.167.110	271
Addition due to merger	0	-4.097
Cash and cash equivalents at 31 December 2019	-5.152.612	-5.167
Cash and cash equivalents		
Available funds	547.559	1.859
Short-term bank debts	-5.700.171	-7.026
Cash and cash equivalents at 31 December 2019	-5.152.612	-5.167

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

1. Subsequent events

In the financial year 2020, the company experienced a significant decline in revenue as a result of the coronavirus (COVID19) and the partial closure of activities and companies, etc. in Denmark.

The management has therefore made an adjustment of the company's personnel resources and cost structure. Following the closure of Denmark, the government has introduced a number of aid packages to help business. The consequences of the shutdown, and the aid package are not known at present. Aid packages have strengthened liquidity.

	<u>2019</u>	<u>2018</u>
2. Staff costs		
Salaries and wages	73.932.486	67.381
Pension costs	2.152.714	2.220
Other costs for social security	511.838	174
Other staff costs	<u>517.290</u>	<u>3.007</u>
	<u>77.114.328</u>	<u>72.782</u>
Executive board and board of directors	<u>2.099.401</u>	<u>3.050</u>
Average number of employees	<u>138</u>	<u>134</u>
3. Depreciation, amortisation, and impairment		
Amortisation of development projects	401.988	296
Amortisation of goodwill	1.350.000	1.350
Depreciation on plants, operating assets, fixtures and furniture	<u>360.233</u>	<u>262</u>
	<u>2.112.221</u>	<u>1.908</u>
4. Proposed distribution of the results		
Dividend for the financial year	0	219
Allocated to results brought forward	0	1.134
Allocated from results brought forward	<u>-7.512.857</u>	<u>0</u>
Distribution in total	<u>-7.512.857</u>	<u>1.353</u>

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Acquired licences		
Cost 1 January 2019	1.531.382	772
Additions during the year	<u>352.346</u>	<u>759</u>
Cost 31 December 2019	<u>1.883.728</u>	<u>1.531</u>
Amortisation and writedown 1 January 2019	-848.793	-553
Amortisation for the year	<u>-401.988</u>	<u>-296</u>
Amortisation and writedown 31 December 2019	<u>-1.250.781</u>	<u>-849</u>
Carrying amount, 31 December 2019	<u>632.947</u>	<u>682</u>
6. Goodwill		
Cost 1 January 2019	3.363.748	0
Additions during the year	<u>0</u>	<u>3.364</u>
Cost 31 December 2019	<u>3.363.748</u>	<u>3.364</u>
Amortisation and writedown 1 January 2019	-1.350.000	0
Amortisation for the year	<u>-1.350.000</u>	<u>-1.350</u>
Amortisation and writedown 31 December 2019	<u>-2.700.000</u>	<u>-1.350</u>
Carrying amount, 31 December 2019	<u>663.748</u>	<u>2.014</u>

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	<u>31/12 2019</u>	<u>31/12 2018</u>
7. Other fixtures and fittings, tools and equipment		
Cost 1 January 2019	1.698.360	3.804
Additions during the year	444.188	382
Disposals during the year	0	-2.487
Cost 31 December 2019	<u>2.142.548</u>	<u>1.699</u>
Amortisation and writedown 1 January 2019	-1.026.578	-3.272
Depreciation for the year	-334.182	-241
Depreciation, amortisation and writedown for the year, assets disposed of	0	2.487
Amortisation and writedown 31 December 2019	<u>-1.360.760</u>	<u>-1.026</u>
Carrying amount, 31 December 2019	<u>781.788</u>	<u>673</u>
8. Leasehold improvements		
Cost 1 January 2019	588.766	551
Additions during the year	113.647	38
Cost 31 December 2019	<u>702.413</u>	<u>589</u>
Depreciation and impairment losses 1 January 2019	-552.345	-532
Depreciation for the year	-26.052	-21
Depreciation and impairment losses 31 December 2019	<u>-578.397</u>	<u>-553</u>
Carrying amount, 31 December 2019	<u>124.016</u>	<u>36</u>
9. Other receivables		
Cost 1 January 2019	1.202.863	1.179
Additions during the year	35.050	24
Cost 31 December 2019	<u>1.237.913</u>	<u>1.203</u>
Carrying amount, 31 December 2019	<u>1.237.913</u>	<u>1.203</u>

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	<u>31/12 2019</u>	<u>31/12 2018</u>		
10. Contract work in progress				
Sales value of the production of the period	20.610.868	31.254		
Payments on account received	<u>-20.967.268</u>	<u>-29.895</u>		
Contract work in progress, net	<u>-356.400</u>	<u>1.359</u>		
The following is recognised:				
Work in progress for the account of others (Current assets)	2.364.308	4.740		
Work in progress for the account of others (Prepayments received)	<u>-2.720.708</u>	<u>-3.381</u>		
	<u>-356.400</u>	<u>1.359</u>		
11. Prepayments and accrued income				
Prepaid expenses	<u>819.083</u>	<u>1.164</u>		
	<u>819.083</u>	<u>1.164</u>		
12. Liabilities other than provision				
	Total payables 31 Dec 2019	Current portion of long term payables	Long term payables 31 Dec 2019	Outstanding payables after 5 years
Deposits	450.000	0	450.000	0
Other payables	<u>2.159.601</u>	<u>0</u>	<u>2.159.601</u>	<u>2.159.601</u>
	<u>2.609.601</u>	<u>0</u>	<u>2.609.601</u>	<u>2.159.601</u>
13. Charges and security				
A floating charge of t.DKK 8.000 on trade receivables, goodwill, operating equipment and furniture as well as intellectual property rights has been provided as collateral for bank loans (t.DKK 5.700) at a carrying amount of t.DKK 35.992.				

Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

14. Contingencies

Contingent liabilities

	DKK in thousands
Recourse guarantee commitments	500
Total contingent liabilities	500

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual lease payment of t.DKK 3.376. The leasing contracts have up to 6 month termination and will give a total outstanding lease payments total t.DKK 1.628.

15. Related parties

Transactions

All related party transactions during the year are conducted under normal market conditions.

	2019	2018
16. Adjustments		
Depreciation, amortisation, and impairment	2.112.222	1.908
Other financial income	-1.588.251	-1.120
Other financial costs	1.900.992	1.888
Other adjustments	0	-979
	2.424.963	1.697
17. Change in working capital		
Change in receivables	5.724.041	-4.540
Change in trade payables and other payables	784.727	2.119
	6.508.768	-2.421

Accounting policies

The annual report for Epinion P/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The annual report is presented in DKK.

Correction, cf. ÅRL §52, subsection 2

The company's management has learned that recognition of wage supplement for employees have been incorrectly calculated. The management has chosen to make a correction and treat it as a correction, cf. ÅRL §52, subsection 2.

This affects the financial statement with t.DKK 360 for the result and DKK 1.1 mio for the equity

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Costs of sales comprises costs of sales for the financial year measured at cost.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 3 years.

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

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

	Useful life
Leasehold improvements	5-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies

Leases

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Liabilities

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

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, and the change in the working capital.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

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Søren Hoelgaard Justesen

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