Templafy ApS

Wilders Plads 15A, DK-DK-1403 København K

Annual Report for 1 January - 31 December 2018

CVR No 25 66 29 46

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28/5 2019

Preben Damgaard
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Templafy ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations for 2018.

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

Copenhagen, 28 May 2019

Executive Board

Jesper Theill Eriksen CEO	Christian Lund CPO	Henrik Printzlau CTO

Board of Directors

Preben Damgaard Chairman	Jeppe Schytte-Hansen	Lars Andersen
Teddie Benjamin Wardi	Jonathan Eric Rosenbaum	Haakon Overli

Independent Auditor's Report

To the Shareholders of Templafy 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 2018 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Templafy ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company

Independent Auditor's Report

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 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.

Hillerød, 28 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Carsten Blicher
statsautoriseret revisor
mne16560

Company Information

The Company	Templafy ApS Wilders Plads 15A DK-DK-1403 København K Telephone: + 45 36990102 E-mail: sales@templafy.com Website: www.templafy.com CVR No: 25 66 29 46 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Preben Damgaard, Chairman Jeppe Schytte-Hansen Lars Andersen Teddie Benjamin Wardi Jonathan Eric Rosenbaum Haakon Overli
Executive Board	Jesper Theill Eriksen Christian Lund Henrik Printzlau
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Management's Review

Consolidated and Parent Company Financial Statements of Templafy ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The object of the company is to develop and sell software solutions.

Templafy is the simple way to manage and share company templates. On-brand, legally compliant and personalized for each employee, saving time for all areas of business. The software empower Communication and Compliance teams to help their companies stay on-brand, and offer IT teams an easy way to migrate template management to the cloud.

Development in the year

The income statement of the Group for 2018 shows a loss of DKK 46,153,704, and at 31 December 2018 the balance sheet of the Group shows equity of DKK 132,880,835.

Targets and expectations for the year ahead

The main objective for Templafy in 2019 is to manifest our position as market leader within cloud based template management and document content management and continue to significantly grow its international customer base and user adoption. As part of this ambition there is a dedicated focus on attracting top talent and strategic partners.

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 2018 of the Group and the results of the activities of the Group for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		DKK	DKK	DKK	DKK
Gross profit/loss		**-7.916.478**	**-3.684.637**	**-8.707.798**	**-3.684.637**
Staff expenses	1	-33.062.583	-12.666.917	-26.843.869	-12.666.917
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-6.672.617	-2.924.621	-4.275.859	-2.924.621
Profit/loss before financial income and expenses		**-47.651.678**	**-19.276.175**	**-39.827.526**	**-19.276.175**
Financial income		169	0	0	0
Financial expenses		-1.281.908	-652.445	-1.238.350	-652.445
Profit/loss before tax		**-48.933.417**	**-19.928.620**	**-41.065.876**	**-19.928.620**
Tax on profit/loss for the year	3	2.779.713	4.382.361	2.779.713	4.382.361
Net profit/loss for the year		**-46.153.704**	**-15.546.259**	**-38.286.163**	**-15.546.259**

Distribution of profit

Proposed distribution of profit

	Parent Company 2018	Parent Company 2017
Transfer for the year to other reserves	8.469.530	0
Retained earnings	-46.755.693	-15.546.259
	-38.286.163	**-15.546.259**

Balance Sheet 31 December

Assets

	Note	Group 2018 DKK	Group 2017 DKK	Parent Company 2018 DKK	Parent Company 2017 DKK
Completed development projects		32.775.005	24.305.475	32.775.005	24.305.475
Goodwill		44.679.433	0	0	0
Intangible assets	4	**77.454.438**	**24.305.475**	**32.775.005**	**24.305.475**
Other fixtures and fittings, tools and equipment		1.059.111	59.320	825.592	59.320
Property, plant and equipment	5	**1.059.111**	**59.320**	**825.592**	**59.320**
Investments in subsidiaries	6	0	0	46.069.702	0
Deposits	7	558.520	0	0	0
Fixed asset investments		**558.520**	**0**	**46.069.702**	**0**
Fixed assets		**79.072.069**	**24.364.795**	**79.670.299**	**24.364.795**
Trade receivables		14.997.153	8.951.971	14.941.695	8.951.971
Contract work in progress		0	300.000	0	300.000
Receivables from group enterprises		0	0	8.907.834	0
Other receivables		4.059.552	0	2.500.275	0
Deferred tax asset		2.774.173	2.774.173	2.774.173	2.774.173
Corporation tax		2.779.713	2.396.468	2.779.713	2.396.468
Prepayments		1.749	0	0	0
Receivables		**24.612.340**	**14.422.612**	**31.903.690**	**14.422.612**
Cash at bank and in hand		**92.072.514**	**537.412**	**86.187.630**	**537.412**
Currents assets		**116.684.854**	**14.960.024**	**118.091.320**	**14.960.024**
Assets		**195.756.923**	**39.324.819**	**197.761.619**	**39.324.819**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		DKK	DKK	DKK	DKK
Share capital		328.121	141.451	328.121	141.451
Reserve for development costs		32.775.005	0	32.775.005	0
Retained earnings		99.777.709	-5.124.256	107.645.250	-5.124.256
Equity	8	**132.880.835**	**-4.982.805**	**140.748.376**	**-4.982.805**
Credit institutions		11.814.090	22.294.133	11.814.090	22.294.133
Convertible and profit-yielding instruments of debt		15.971.564	0	15.971.564	0
Long-term debt	9	**27.785.654**	**22.294.133**	**27.785.654**	**22.294.133**
Credit institutions	9	1.562.082	61.429	1.562.082	61.429
Trade payables		9.093.422	7.631.662	9.043.251	7.631.662
Other payables		8.113.166	3.813.486	5.958.444	3.813.486
Deferred income		16.321.764	10.506.914	12.663.812	10.506.914
Short-term debt		**35.090.434**	**22.013.491**	**29.227.589**	**22.013.491**
Debt		**62.876.088**	**44.307.624**	**57.013.243**	**44.307.624**
Liabilities and equity		**195.756.923**	**39.324.819**	**197.761.619**	**39.324.819**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	141.451	0	24.305.475	-29.429.731	-4.982.805
Cash capital increase	186.670	183.830.674	0	0	184.017.344
Development costs for the year	0	0	12.635.058	0	12.635.058
Depreciation, amortisation and impairment for the year	0	0	-4.165.528	0	-4.165.528
Net profit/loss for the year	0	0	0	-54.623.234	-54.623.234
Transfer from share premium account	0	-183.830.674	0	183.830.674	0
Equity at 31 December	**328.121**	**0**	**32.775.005**	**99.777.709**	**132.880.835**

Parent Company

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January	141.451	0	24.305.475	-29.429.731	-4.982.805
Cash capital increase	186.670	183.830.674	0	0	184.017.344
Development costs for the year	0	0	12.635.058	0	12.635.058
Depreciation, amortisation and impairment for the year	0	0	-4.165.528	0	-4.165.528
Net profit/loss for the year	0	0	0	-46.755.693	-46.755.693
Transfer from share premium account	0	-183.830.674	0	183.830.674	0
Equity at 31 December	**328.121**	**0**	**32.775.005**	**107.645.250**	**140.748.376**

Notes to the Financial Statements

		Group		Parent Company	
		2018	2017	2018	2017
		DKK	DKK	DKK	DKK
1	**Staff expenses**				
	Wages and salaries	37.660.215	18.626.453	32.125.210	18.626.453
	Pensions	0	168.000	0	168.000
	Other social security expenses	930.174	111.723	246.465	111.723
	Other staff expenses	572.728	110.980	572.728	110.980
		39.163.117	**19.017.156**	**32.944.403**	**19.017.156**
	Transfer to production wages	-6.100.534	-6.350.239	-6.100.534	-6.350.239
		33.062.583	**12.666.917**	**26.843.869**	**12.666.917**
	Average number of employees	**61**	**28**	**51**	**28**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	6.562.286	2.902.022	4.165.528	2.902.022
	Depreciation of property, plant and equipment	110.331	22.599	110.331	22.599
		6.672.617	**2.924.621**	**4.275.859**	**2.924.621**
3	**Tax on profit/loss for the year**				
	Current tax for the year	-2.779.713	-2.396.468	-2.779.713	-2.396.468
	Deferred tax for the year	0	-1.985.893	0	-1.985.893
		-2.779.713	**-4.382.361**	**-2.779.713**	**-4.382.361**

Notes to the Financial Statements

4 Intangible assets

Group

	Completed development projects	Goodwill
	DKK	DKK
Cost at 1 January	29.020.215	0
Additions for the year	12.635.058	47.076.191
Cost at 31 December	41.655.273	47.076.191
Transfers for the year	0	0
Revaluations at 31 December	0	0
Impairment losses and amortisation at 1 January	4.714.740	0
Amortisation for the year	4.165.528	2.396.758
Impairment losses and amortisation at 31 December	8.880.268	2.396.758
Carrying amount at 31 December	**32.775.005**	**44.679.433**
Interest expenses recognised as part of cost	308.616	265.618

Development projects relate to improving the Company's existing software products to improve robustness and scalability and add new features that can be marketed towards new and existing customers. The robustness and scalability will support the continued high growth in customers using the software and the added features are generically designed to meet several customers individual needs. The added features including an advanced e-mail signature solution for big enterprise customers were marketed as of the second quarter of 2017. The development projects are progressing according to plan.

Notes to the Financial Statements

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	245.399
Additions for the year	975.950
Cost at 31 December	1.221.349
Revaluations at 1 January	0
Revaluations at 31 December	0
Impairment losses and depreciation at 1 January	25.954
Depreciation for the year	136.284
Impairment losses and depreciation at 31 December	162.238
Carrying amount at 31 December	**1.059.111**

6 Investments in subsidiaries

	Parent Company	
	2018	2017
	DKK	DKK
Cost at 1 January	0	0
Additions for the year	46.069.702	0
Cost at 31 December	46.069.702	0
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	**46.069.702**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Veodin Software G.m.b.H.	Berlin, Germany	100%	-147.301	1.042.218
Templafy US	New York, USA	100%	-6.287.943	-6.287.943

Notes to the Financial Statements

7 Other fixed asset investments

	Group
	Deposits
	DKK
Cost at 1 January	0
Additions for the year	558.520
Cost at 31 December	558.520
Carrying amount at 31 December	**558.520**

8 Equity

The share capital is broken down as follow:

	Number	Nominal value
		DKK
A-shares	80.000	80.000
B-shares	61.451	61.451
C-shares	186.670	186.670
		328.121

The share capital has developed as follows:

	2018	2017	2016	2015	2014
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	141.451	137.706	130.948	96.725	80.000
Capital increase	186.670	3.745	6.758	34.223	16.725
Capital decrease	0	0	0	0	0
Share capital at 31 December	**328.121**	**141.451**	**137.706**	**130.948**	**96.725**

Notes to the Financial Statements

9 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:

Credit institutions

Between 1 and 5 years	11.814.090	22.294.133	11.814.090	22.294.133
Long-term part	11.814.090	22.294.133	11.814.090	22.294.133
Within 1 year	1.540.200	0	1.540.200	0
Other short-term debt to credit institutions	21.882	61.429	21.882	61.429
Short-term part	1.562.082	61.429	1.562.082	61.429
	13.376.172	**22.355.562**	**13.376.172**	**22.355.562**

Convertible and profit-yielding instruments of debt

Between 1 and 5 years	15.971.564	0	15.971.564	0
Long-term part	15.971.564	0	15.971.564	0
Within 1 year	0	0	0	0
	15.971.564	**0**	**15.971.564**	**0**

10 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with Vækstfonden:
Floating charge totaling TDKK 7,000,
providing security in unsecured claims,
operating equipment, goodwill and
patent.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Templafy ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

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

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Templafy 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.

Business combinations

Acquisitions

Notes to the Financial Statements

11 Accounting Policies (continued)

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from sales of software subscriptions are recognised on a straight-line basis over the subscription period starting when delivery and risk transition has taken place.

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect 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

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

11 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 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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:

Other fixtures and fittings, tools and equipment	5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

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

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

Notes to the Financial Statements

11 Accounting Policies (continued)

Investments in

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 regarding service 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.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

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 interest.

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 entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legisla-

Notes to the Financial Statements

11 Accounting Policies (continued)

tion 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 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.