

e-Boks A/S

Hans Bekkevolds Alle 7, 1.
2900 Hellerup
Central Business Registration
No 25674154

Annual report 2019

The Annual General Meeting adopted the annual report on 17.04.2020

Chairman of the General Meeting

Name: Carina Bansholt Oxfeldt

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Entity details

Entity

e-Boks A/S

Hans Bekkevolds Alle 7, 1.

2900 Hellerup

Central Business Registration No (CVR): 25674154

Registered in: Gentofte

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Pia Ingrid Jørgensen, Chairman

Martin Skov

Henrik Malling

Peter Kjær Jensen

Executive Board

Ulrik Thagesen

Jesper Lind Breum

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of e-Boks A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 17.04.2020

Executive Board

Ulrik Thagesen

Jesper Lind Breum

Board of Directors

Pia Ingrid Jørgensen
Chairman

Martin Skov

Henrik Malling

Peter Kjær Jensen

Independent auditor's report

To the shareholders of e-Boks A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of e-Boks A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 17.04.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Sten Peters
State-Authorised Public Accountant
Identification No (MNE) mne11675

Ane Sachs Aasand
State-Authorised Public Accountant
Identification No (MNE) mne42783

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	231.044	214.570	192.292	174.375	170.109
Gross profit/loss	104.731	79.445	84.803	69.146	49.645
Operating profit/loss	50.914	22.323	25.334	9.047	6.603
Net financials	(257)	189	(316)	(203)	(697)
Profit/loss for the year	39.459	17.707	19.968	473	29
Total assets	212.105	142.015	109.483	82.358	65.945
Investments in property, plant and equipment	1.847	38	-	-	-
Equity	81.069	41.724	36.227	17.251	16.591
Cash flows from (used in) operating activities	77.237	46.636	19.187	12.839	12.216
Cash flows from (used in) investing activities	(61.425)	(53.334)	(15.103)	(5.355)	(1.265)
Cash flows from (used in) financing activities	-	(12.000)	(81)	(11)	(18.326)
Average numbers of employees	79	71	70	64	50
Ratios					
Profit margin (%)	22,0	10,4	13,2	5,2	3,9
Return on investment (%)	23,7	15,7	23,1	11,0	10,0
Return on equity (%)	64,3	45,4	74,7	2,8	0,1
Equity ratio (%)	38,2	29,4	33,1	20,9	25,2

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Profit margin (%)	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$	The ability of the Company to generate earnings.
Return on investment (%)	$\frac{\text{Operating profit} \times 100}{\text{Total assets}}$	The ability of the Company to generate profits from the invested capital.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

e-Boks helps individuals, companies and institutions to digitally interact, communicate and service themselves effectively and securely through our platforms. Companies and institutions are our partners and together we create better secure digitalisation where the users are in control.

Development in activities and finances

In 2019, the realised results for the whole e-Boks Group was DKK 39.5 million and the Group's equity totalled DKK 81.1 million.

While prices have only been adjusted for inflation, there has been a modest increase in the total revenue both organically from existing markets and the addition of a new country solution – all as expected in the 2018 Financial Statements. The total cost has slightly increased, but due to investments in new development projects the operating profit has increased according to expectations.

The development of a new e-Boks solution on a modern platform has resulted in the delivery of a new digital post solution to the Republic of Ireland.

Outlook

It is expected that revenue will keep increasing in current markets as well as new markets with a high demand. Production costs are expected to drop by the completion of the mainframe migration. Both factors are expected to have a positive impact on the profit of 2020. Though increased development activities will on the other hand decrease expected profit to reach a level of DKK 30-40 million for 2020.

e-Boks do not expect any significant impact from the COVID-19 situation. The business activity is on normal level – though indirect the situation has impacted the organization and normal way of working.

In 2019, e-Boks lost the tender of developing and handling the New generation Digital Post for the Danish Government. This will not have any impact on 2020 results but in second half of 2021 a decrease of revenue from Digital Post is expected.

The new e-Boks solution developed in 2019 is expected to have significant positive impact on the international expansion of e-Boks.

Markets

The economic trend only has a minor effect on net revenue and profit as the total number of digitally sent documents from companies and institutions is not greatly affected by these trends. e-Boks has partners in many sectors. The primary share of partners being in the financial sector followed by the public sector.

Management commentary

Employees

Throughout 2019, competent and experienced employees have been added to the staff. It is of great importance that e-Boks continuously recruit highly skilled and well-educated labor to further develop and optimize our solutions to keep our current position on the market and provide better solutions for companies and institutions.

Security

It is crucial for e-Boks to keep a high security standard when handling and storing personal data for all users. e-Boks' solution has a high level of security to meet the expectations from all users and keep their trust. The daily operation and performance of systems are anticipated to run smoothly and secure. Performance and penetration tests are performed regularly by external partners from leading consultancies. Internal security is managed by a 27001:2013 compliant ISMS and all security features are annually audited by external partners to meet all security expectations and to mitigate any potential risks.

Research and development activities

e-Boks is being used in a growing number of countries, thus the understanding of both the users' and costumers' needs are crucial for the contentious expansion. This understanding is provided by an ongoing analysis of usage along with user feedback and reactions. The constant assurance of a high security level and high degree of stability of the critical infrastructure solutions such as signing, payment and two-way encrypted communication, are important factors in order to maintain the trust of all users and customers. As a result, constant monitoring, optimization and development of these services are ongoing to meet the expected growth.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		231.044	214.570
Other external expenses		(126.313)	(135.125)
Gross profit/loss		104.731	79.445
Staff costs	1	(53.063)	(57.122)
Depreciation, amortisation and impairment losses	2	(754)	0
Operating profit/loss		50.914	22.323
Other financial income	3	885	871
Other financial expenses	4	(1.142)	(682)
Profit/loss before tax		50.657	22.512
Tax on profit/loss for the year	5	(11.198)	(4.805)
Profit/loss for the year	6	39.459	17.707

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
Completed development projects		24.288	0
Development projects in progress		103.321	67.284
Intangible assets	7	127.609	67.284
Leasehold improvements		1.640	38
Property, plant and equipment	8	1.640	38
Deposits		1.116	2.374
Fixed asset investments	9	1.116	2.374
Fixed assets		130.365	69.696
Trade receivables		29.432	28.145
Other receivables		118	104
Income tax receivable		3.831	7.230
Receivables from owners and management		10.252	16.303
Prepayments		2.614	1.062
Receivables		46.247	52.844
Cash		35.493	19.475
Current assets		81.740	72.319
Assets		212.105	142.015

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		12.000	12.000
Retained earnings		69.069	29.724
Equity		81.069	41.724
Deferred tax		43.553	29.342
Other provisions		7.381	9.295
Provisions		50.934	38.637
Trade payables		38.696	21.660
Other payables		1.940	0
Non-current liabilities other than provisions		40.636	21.660
Prepayments received from customers		1.646	0
Trade payables		24.644	23.288
Other payables		13.176	16.706
Current liabilities other than provisions		39.466	39.994
Liabilities other than provisions		80.102	61.654
Equity and liabilities		212.105	142.015
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Transactions with related parties	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	12.000	25.889	37.889
Corrections of material errors	0	3.834	3.834
Adjusted equity, beginning of year	12.000	29.723	41.723
Exchange rate adjustments	0	(113)	(113)
Profit/loss for the year	0	39.459	39.459
Equity end of year	12.000	69.069	81.069

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Operating profit/loss		50.914	22.323
Amortisation, depreciation and impairment losses		754	0
Other provisions		(1.914)	(2.005)
Working capital changes	10	21.644	26.544
Cash flow from ordinary operating activities		71.398	46.862
Financial income received		885	871
Financial expenses paid		(1.142)	(572)
Income taxes refunded/(paid)		6.096	(525)
Cash flows from operating activities		77.237	46.636
Acquisition etc of intangible assets		(60.835)	(52.180)
Acquisition etc of property, plant and equipment		(1.847)	(38)
Acquisition of fixed asset investments		0	(1.116)
Sale of fixed asset investments		1.257	0
Cash flows from investing activities		(61.425)	(53.334)
Dividend paid		0	(12.000)
Cash flows from financing activities		0	(12.000)
Increase/decrease in cash and cash equivalents		15.812	(18.698)
Cash and cash equivalents beginning of year		19.475	38.431
Currency translation adjustments of cash and cash equivalents		206	(258)
Cash and cash equivalents end of year		35.493	19.475

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	47.032	51.517
Pension costs	5.469	5.044
Other social security costs	562	561
	53.063	57.122
Average number of employees	79	71
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Executive Board	4.017	4.224
	4.017	4.224
	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	509	0
Depreciation of property, plant and equipment	245	0
	754	0
	2019 DKK'000	2018 DKK'000
3. Other financial income		
Other interest income	8	122
Exchange rate adjustments	877	749
	885	871
	2019 DKK'000	2018 DKK'000
4. Other financial expenses		
Other interest expenses	193	316
Exchange rate adjustments	881	24
Other financial expenses	68	342
	1.142	682

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
5. Tax on profit/loss for the year		
Current tax	(2.939)	(5.500)
Change in deferred tax	14.137	10.307
Adjustment concerning previous years	0	(2)
	11.198	4.805

	2019 DKK'000	2018 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	39.459	17.707
	39.459	17.707

	Completed develop- ment projects DKK'000	Develop- ment projects in progress DKK'000
7. Intangible assets		
Cost beginning of year	22.918	67.283
Transfers	24.797	(24.797)
Additions	0	60.835
Cost end of year	47.715	103.321
Amortisation and impairment losses beginning of year	(22.918)	0
Amortisation for the year	(509)	0
Amortisation and impairment losses end of year	(23.427)	0
Carrying amount end of year	24.288	103.321

Development projects

The addition for the year regarding development projects in process relates to an upgrade of the Company's IT infrastructure as well as different product and go to market initiatives.

The upgrade of the IT infrastructure to a new platform and technology is expected to be completed in 2020. This will increase the scalability of the e-Boks solution and improve the "time to market" for new products. An overall cost saving is expected to take effect from completion.

The completed development projects for the year relate to a new platform for the e-Boks solution and an upgrade of the Company's app and introduction of the Plus universe. This provides a better, even safer and up to date user experience and expands the e-Boks universe.

The new platform has been developed to support international expansion and the first client has been onboarded, the Irish Government. The new platform is easy to deploy, extensively scalable, fast and secure.

Notes to consolidated financial statements

This will increase the speed of onboarding and supports reach of new countries and clients.

	Leasehold improve- ments DKK'000	
8. Property, plant and equipment		
Cost beginning of year		38
Additions		1.847
Cost end of year		1.885
Depreciation for the year		(245)
Depreciation and impairment losses end of year		(245)
Carrying amount end of year		1.640
		Deposits DKK'000
9. Fixed asset investments		
Cost beginning of year		2.373
Disposals		(1.257)
Cost end of year		1.116
Carrying amount end of year		1.116
	2019 DKK'000	2018 DKK'000
10. Change in working capital		
Increase/decrease in receivables	3.197	7.786
Increase/decrease in trade payables etc	18.447	18.758
	21.644	26.544
	2019 DKK'000	2018 DKK'000
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	12.732	10.027

12. Contingent liabilities

The Group is party to some disputes. Management is of the opinion that the outcome of the cases will not result in losses, other than what is included in the financial statements.

13. Transactions with related parties

The annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
14. Subsidiaries			
e-Boks AS	Oslo	Selskab	100,0
e-Boks AB	Stockholm	Selskab	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		231.044	211.874
Other external expenses		(128.236)	(136.484)
Gross profit/loss		102.808	75.390
Staff costs	1	(51.144)	(53.149)
Depreciation, amortisation and impairment losses	2	(754)	0
Operating profit/loss		50.910	22.241
Income from investments in group enterprises		140	(278)
Other financial income	3	881	857
Other financial expenses	4	(1.274)	(232)
Profit/loss before tax		50.657	22.588
Tax on profit/loss for the year	5	(11.198)	(4.881)
Profit/loss for the year	6	39.459	17.707

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Completed development projects		24.288	0
Development projects in progress		103.321	67.283
Intangible assets	7	<u>127.609</u>	<u>67.283</u>
Leasehold improvements		1.640	38
Property, plant and equipment	8	<u>1.640</u>	<u>38</u>
Investments in group enterprises		6.728	6.701
Deposits		1.116	2.300
Fixed asset investments	9	<u>7.844</u>	<u>9.001</u>
Fixed assets		<u>137.093</u>	<u>76.322</u>
Trade receivables		29.432	27.429
Receivables from group enterprises		6	0
Other receivables		20	0
Income tax receivable		3.831	7.286
Receivables from owners and management		10.252	16.303
Prepayments	10	2.573	1.027
Receivables		<u>46.114</u>	<u>52.045</u>
Cash		<u>34.654</u>	<u>18.700</u>
Current assets		<u>80.768</u>	<u>70.745</u>
Assets		<u>217.861</u>	<u>147.067</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital	11	12.000	12.000
Reserve for development expenditure		99.535	52.481
Retained earnings		(30.466)	(22.758)
Equity		81.069	41.723
Deferred tax	12	43.553	29.416
Other provisions	13	7.381	9.295
Provisions		50.934	38.711
Trade payables		38.696	21.660
Other payables		1.940	0
Non-current liabilities other than provisions		40.636	21.660
Prepayments received from customers		1.646	0
Trade payables		24.102	22.355
Payables to group enterprises		6.610	6.549
Other payables		12.864	16.069
Current liabilities other than provisions		45.222	44.973
Liabilities other than provisions		85.858	66.633
Equity and liabilities		217.861	147.067
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties with controlling interest	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	12.000	48.647	(22.758)	37.889
Corrections of material errors	0	3.834	0	3.834
Adjusted equity, beginning of year	12.000	52.481	(22.758)	41.723
Exchange rate adjustments	0	0	(113)	(113)
Transfer to reserves	0	47.054	(47.054)	0
Profit/loss for the year	0	0	39.459	39.459
Equity end of year	12.000	99.535	(30.466)	81.069

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	45.229	47.688
Pension costs	5.364	4.939
Other social security costs	551	522
	51.144	53.149
Average number of employees	77	68
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Executive Board	4.017	4.224
	4.017	4.224
	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	509	0
Depreciation of property, plant and equipment	245	0
	754	0
	2019 DKK'000	2018 DKK'000
3. Other financial income		
Financial income arising from group enterprises	1	108
Other interest income	3	0
Exchange rate adjustments	877	749
	881	857
	2019 DKK'000	2018 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	194	0
Other interest expenses	192	189
Exchange rate adjustments	856	0
Other financial expenses	32	43
	1.274	232

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
5. Tax on profit/loss for the year		
Current tax	(2.939)	(5.500)
Change in deferred tax	14.137	10.383
Adjustment concerning previous years	0	(2)
	11.198	4.881
	2019 DKK'000	2018 DKK'000
6. Proposed distribution of profit/loss		
Retained earnings	39.459	17.707
	39.459	17.707
	Completed development projects DKK'000	Development projects in progress DKK'000
7. Intangible assets		
Cost beginning of year	22.918	67.283
Transfers	24.797	(24.797)
Additions	0	60.835
Cost end of year	47.715	103.321
Amortisation and impairment losses beginning of year	(22.918)	0
Amortisation for the year	(509)	0
Amortisation and impairment losses end of year	(23.427)	0
Carrying amount end of year	24.288	103.321

Development projects

The addition for the year regarding development projects in process relates to an upgrade of the Company's IT infrastructure as well as different product and go to market initiatives.

The upgrade of the IT infrastructure to a new platform and technology is expected to be completed in 2020. This will increase the scalability of the e-Boks solution and improve the "time to market" for new products. An overall cost saving is expected to take effect from completion.

The completed development projects for the year relate to a new platform for the e-Boks solution and an upgrade of the Company's app and introduction of the Plus universe. This provides a better, even safer and up to date user experience and expands the e-Boks universe.

Notes to parent financial statements

The new platform has been developed to support international expansion and the first client has been onboarded, the Irish Government. The new platform is easy to deploy, extensively scalable, fast and secure. This will increase the speed of onboarding and supports reach of new countries and clients.

	Leasehold improve- ments DKK'000
8. Property, plant and equipment	
Cost beginning of year	38
Additions	1.847
Cost end of year	1.885
Depreciation for the year	(245)
Depreciation and impairment losses end of year	(245)
Carrying amount end of year	1.640

	Invest- ments in group enterprises DKK'000	Deposits DKK'000
9. Fixed asset investments		
Cost beginning of year	84.734	2.300
Disposals	0	(1.184)
Cost end of year	84.734	1.116
Impairment losses beginning of year	(78.033)	0
Exchange rate adjustments	(113)	0
Share of profit/loss for the year	140	0
Impairment losses end of year	(78.006)	0
Carrying amount end of year	6.728	1.116

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10. Prepayments

Prepayments consist of prepaid rent, insurance premiums, subscriptions and interest.

Notes to parent financial statements

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
11. Contributed capital			
Shares	12.000.000	1	12.000
	<u>12.000.000</u>		<u>12.000</u>

12. Deferred tax

Deferred tax regarding financial and tangible fixed assets as well as liabilities.

13. Other provisions

In dealing with user documents, the Company has undertaken a commercial obligation to storage the documents for a minimum of 5 years from the year of creation. The liability is calculated at DKK 7,381 thousand.

	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>12.704</u>	<u>9.997</u>

15. Contingent liabilities

The Company serves as the administration company in an international joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

The Company is party to some disputes. Management is of the opinion that the outcome of the cases will not result in losses, other than what is included in the financial statements.

16. Related parties with controlling interest

Related parties with controlling influence consist of the Company's Management and the Board of Directors. Other related parties with whom e-Boks A/S has had transactions in 2019 are:

- Subsidiaries:
 - e-Boks AS
 - e-Boks AB
- Branches:
 - e-Boks AS
 - e-Boks AB
- Businesses in which the Group's ownership circle directly or indirectly has a significant influence
 - Post Danmark A/S
 - Nets Danmark A/S

Notes to parent financial statements

17. Transactions with related parties

In the annual report only discloses related party transactions that have not been completed on a normal basis market conditions. No such transactions have been completed during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Material errors in previous years

In the financial year, a significant error has been noted in the financial statements for 2018. The error has arisen as a result of a failure to activate development projects in 2018. This means that the financial statements for 2018 have improved by DKK 4,915 thousand before tax and DKK 3,834 thousand after tax. The error has been corrected and the comparative figures adjusted.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Fair value adjustments of investment property

Fair value adjustment of investment properties for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by

Accounting policies

the portion attributable to entries directly in equity.

The parent company is jointly taxed with all Danish and foreign affiliated companies. The actual Danish corporation tax is distributed among the jointly taxed companies in relation to their taxpayers' income (full distribution with reimbursement regarding tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

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

Leasehold improvements	5 years
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Estimated useful lives and residual values are reassessed annually.

Accounting policies

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

Receivables

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

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the

Accounting policies

basis of an actual assessment of the purpose of each subsidiary.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Operating leases

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Accounting policies

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.