
ProActive A/S

Rosenørns Alle 1, DK-1970 Frederiksberg C

Annual Report for 1 January - 31 December 2020

CVR No 25 79 09 36

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/5 2021

Max Sejbæk
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	13
Notes to the Financial Statements	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ProActive A/S for the financial year 1 January - 31 December 2020.

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

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

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 26 May 2021

Executive Board

Max Sejbæk
CEO

Gorm Priem

Mikkel Aude

Board of Directors

Martin Norrbom Sams
Chairman

Jesper Refning Larsen

Max Sejbæk

Niels Tasior Kodal

Independent Auditor's Report

To the Shareholder of ProActive A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ProActive A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 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 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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 26 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen

State Authorised Public Accountant

mne16675

Company Information

The Company

ProActive A/S
Rosenørns Alle 1
DK-1970 Frederiksberg C

Telephone: + 45 82 32 32 32
Website: www.proactive.dk

CVR No: 25 79 09 36
Financial period: 1 January - 31 December
Municipality of reg. office: Frederiksberg

Board of Directors

Martin Norrbom Sams, Chairman
Jesper Refning Larsen
Max Sejbæk
Niels Tasiør Kodal

Executive Board

Max Sejbæk
Gorm Priem
Mikkel Aude

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Moalem Weitemeyer & Bendtsen
Amaliegade 3-5
DK - 1256 København K

Financial Highlights

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

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	345,465	279,578	228,351	169,582	127,391
Gross profit/loss	213,141	177,093	148,942	124,586	99,679
Profit/loss before financial income, financial expenses, depreciation and amortization (EBITDA)	36,898	27,714	7,472	14,831	11,117
Profit/loss before financial income and expenses	31,456	22,801	2,888	11,177	8,710
Net financials	42	-104	-82	-637	-747
Net profit/loss for the year	24,431	17,523	2,148	7,962	6,576
Balance sheet					
Balance sheet total	111,283	75,231	68,778	54,412	44,735
Equity	39,613	24,585	9,191	9,993	8,349
Investment in property, plant and equipment	356	58	186	-137	-972
Number of employees	243	219	210	166	140
Ratios					
Gross margin	61.7%	63.3%	65.2%	73.5%	78.2%
Profit margin	9.1%	8.2%	1.3%	6.6%	6.8%
Return on assets	28.3%	30.3%	4.2%	20.5%	19.5%
Solvency ratio	35.6%	32.7%	13.4%	18.4%	18.7%
Return on equity	76.1%	103.8%	22.4%	86.8%	84.1%

Management's Review

In the opinion of the Executive and Board of Directors, all information material to the assessment of the Company's financial position, the result for the year, and the financial development is disclosed in the annual financial statements and in this report. After the balance sheet date, no significant events have occurred which are considered to have a material effect on the assessment of the annual financial statements.

Key activities

ProActive A/S is a leading Danish supplier of IT services in Modern Workplace, Business Applications, Data & AI, and Cloud & Infrastructure based on standard cloud platforms from Microsoft, targeted ambitious national and international private companies as well as public organizations.

Market overview

The development in the market for IT Consulting Services and Service & Support in 2020 was still competitive – but the Company enjoys a strong momentum and is positioned to continue the high and more profitable growth.

In 2020 the company has continued the strong growth, and again the turnover grew with more than 23%.

Covid-19 had an impact on the market climate, but the need for the Company's services remained intact and the Company holistic offerings for digital transformation proved to be valuable for the costumers.

Development in the year

In April the Company entered an agreement to join Fellowmind on founding father terms. Fellowmind is the fastest growing Microsoft partner in Northern Europe, and is now present in 6 countries, across 36 offices with a total of 1.600 employees. Fellowmind will continue to build scale to support the customers Digital transformation journey.

The Company has also in 2020 continued to invest considerable efforts in building an 24/7 operations business to run on top of the Microsoft Cloud platform. The Company has successfully continued to onboard new customers, and this is an area that is expected to grow considerably, to support the customers transition to the Cloud.

As in the previous years, the Company has also invested considerable time and effort in building own products and services to be sold on license and subscription. The Company has great expectations to the future value of this business model, and the total number of users are growing fast.

The Company has furthermore continued and even strengthened its investments into expanding business areas and covers today all four major areas within the Microsoft go to market strategy. Across the four offices on Copenhagen, Aarhus, Odense and Aalborg – top capabilities within Modern Work, Data & Analytics, Business Applications and Application & Infrastructure are now delivered to customers.

Management's Review

Overall, the investments has increased in 2020, to support the overall strategy of being able to help the customers with their Digital Transformation journeys and optimization with IT across their businesses.

In 2020 the close collaboration with Microsoft was strengthened even further, and the Company's strategy has proven to be successful. The Company has now fully aligned its go to market with Microsoft, and the position as Microsoft Denmark's most valuable partner has been consolidated. At Microsoft's yearly grand price award show, ProActive was nominated for 5 prices and won 2 of them: 'Engaging Customers' and 'Cloud Infrastructure'. This is another solid performance and a testament to the success the Company are creating with Microsoft technology in the market.

ProActive are measuring both Customer and Employee satisfaction on an ongoing basis. Again in 2020 we recognized top satisfaction and received top ratings on all the important parameters.

The Company has been measuring Employee satisfaction in the same parameters for 15 years, and the highest rating from the employees was given in 2020. As a people business, we are proud to get this recognition from our employees and will continue striving for highest satisfaction rates in the business.

Economy

The Company realized a growth in turnover to TDKK 345.465 in 2020 from TDKK 279.578 in 2019 corresponding to a growth of more than 23%.

The Company realized an EBITDA of TDKK 36.898 which is altogether satisfactory and a substantial improvement compared to 2019. The result after tax was TDKK 24.431. However, the result reflects the growth and the investments made into expanding new business areas, which will prove as a solid platform for the future development.

Realised turnover and result have been in line with expectations stated in the 2019 Annual Report including meeting the strong growth expectations.

Expectations for 2021

The Management and Board of Directors expect a positive development in the result in 2021, supported by a very strong workforce, contractual base, pipeline and positioning in the market. We expect an EBITDA between MDKK 40-45 and a turnover in the range of MDKK 375 to 400.

The strong growth is supported by the development in the beginning of this year.

Intellectual capital resources

The Company is depending on the knowledge resources of the employees. Systems for knowledge sharing and gathering are in place, to mitigate risks in relation to personnel leaving the Company.

Management's Review

Uncertainty relating to recognition and measurement

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

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	2020 DKK	2019 DKK
Revenue		345,465,299	279,578,440
Software development performed for own account, income		5,011,817	6,102,846
External project costs		-109,860,973	-87,363,832
Other external expenses		-27,475,460	-21,224,564
Gross profit/loss		213,140,683	177,092,890
Staff expenses	1	-176,242,420	-149,378,939
Profit/loss before financial income, financial expenses, depreciation, and amortization (EBITDA)		36,898,263	27,713,951
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-5,441,938	-4,912,485
Profit/loss before financial income and expenses (EBIT)		31,456,325	22,801,466
Financial income	3	306,067	9,963
Financial expenses		-263,909	-113,961
Profit/loss before tax		31,498,483	22,697,468
Tax on profit/loss for the year	4	-7,067,570	-5,174,703
Net profit/loss for the year		24,430,913	17,522,765

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Software development costs		10,958,171	10,837,701
Intangible assets	5	10,958,171	10,837,701
Computer equipment, fixtures and fittings		169,038	236,932
Leasehold improvements		363,435	240,308
Property, plant and equipment	6	532,473	477,240
Investments in associates	7	0	12,550
Other receivables	8	1,915,602	1,766,542
Financial assets		1,915,602	1,779,092
Fixed assets		13,406,246	13,094,033
Trade receivables		63,127,138	50,970,383
Contract work in progress	9	3,243,404	5,923,194
Receivables from group enterprises		20,324,321	0
Receivables from associates		0	150,000
Other receivables		92,428	80,184
Prepayments	10	1,496,682	1,286,784
Receivables		88,283,973	58,410,545
Cash at bank and in hand		9,592,522	3,726,035
Currents assets		97,876,495	62,136,580
Assets		111,282,741	75,230,613

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	11	1,713,187	1,688,187
Reserve for development costs		8,547,373	8,453,407
Retained earnings		5,351,978	4,443,411
Proposed dividend for the year		24,000,000	10,000,000
Equity		39,612,538	24,585,005
Deferred tax	13	2,437,225	2,314,439
Provisions		2,437,225	2,314,439
Other payables		15,775,940	5,263,274
Long-term debt	14	15,775,940	5,263,274
Prepayments received from customers	9	13,663,282	6,808,148
Trade payables		18,774,896	19,849,320
Payables to group enterprises		1,354,448	81,313
Corporation tax		596,480	457,386
Received deposits and prepaid rent		345,356	374,870
Other payables	14	18,722,576	15,496,858
		53,457,038	43,067,895
Debt		69,232,978	48,331,169
Liabilities and equity		111,282,741	75,230,613
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,688,187	8,453,407	4,443,411	10,000,000	24,585,005
Cash capital increase	25,000	0	662,500	0	687,500
Ordinary dividend paid	0	0	0	-10,000,000	-10,000,000
Purchase of treasury shares	0	0	-90,880	0	-90,880
Development costs for the year	0	4,104,217	-4,104,217	0	0
Depreciation, amortisation and impairment for the year	0	-4,010,251	4,010,251	0	0
Net profit/loss for the year	0	0	430,913	24,000,000	24,430,913
Equity at 31 December	1,713,187	8,547,373	5,351,978	24,000,000	39,612,538

Notes to the Financial Statements

	2020 DKK	2019 DKK
1 Staff expenses		
Wages and salaries	166,244,729	140,455,810
Pensions	8,633,360	7,439,979
Other social security expenses	1,364,331	1,483,150
	176,242,420	149,378,939
 Including remuneration to the Executive Board of: Executive Board	 5,031,409	 4,665,289
	5,031,409	4,665,289
 Average number of employees	 243	 219
 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	5,141,347	4,517,681
Depreciation of property, plant and equipment	275,313	394,804
Gain and loss on disposal	25,278	0
	5,441,938	4,912,485
 3 Financial income		
Interest received from group enterprises	297,778	0
Other financial income	8,289	9,963
	306,067	9,963
 4 Tax on profit/loss for the year		
Current tax for the year	6,992,480	4,821,989
Deferred tax for the year	122,786	352,714
Adjustment of tax concerning previous years	-47,696	0
	7,067,570	5,174,703

Notes to the Financial Statements

5 Intangible assets

	Software development costs DKK
Cost at 1 January	26,973,545
Additions for the year	5,261,817
Cost at 31 December	<u>32,235,362</u>
Impairment losses and amortisation at 1 January	16,135,844
Amortisation for the year	5,141,347
Impairment losses and amortisation at 31 December	<u>21,277,191</u>
Carrying amount at 31 December	<u>10,958,171</u>

The Company's development projects relate to continued development, improvements and upgrading of the Company's existing software platform. The development, improvements and upgrading are completed on an ongoing basis and are ready for use upon completion. The software platform forms the basis of a large part of the Company's existing business, hence, there are markets and customers for the software. The improvements and upgrading is expected to have lives of three years which are considered to reflect the useful lives. The projects are progressing according to plan through the use of the resources allocated by Management to the development.

6 Property, plant and equipment

	Computer equipment, fixtures and fittings DKK	Leasehold improvements DKK
Cost at 1 January	6,278,698	1,866,539
Additions for the year	72,581	283,243
Disposals for the year	-4,393,794	-127,622
Cost at 31 December	<u>1,957,485</u>	<u>2,022,160</u>
Impairment losses and depreciation at 1 January	6,041,766	1,626,231
Disposals for the year	-4,368,516	-127,622
Depreciation for the year	115,197	160,116
Impairment losses and depreciation at 31 December	<u>1,788,447</u>	<u>1,658,725</u>
Carrying amount at 31 December	<u>169,038</u>	<u>363,435</u>

Notes to the Financial Statements

	2020 DKK	2019 DKK
7 Investments in associates		
Cost at 1 January	20,050	0
Disposals for the year	-20,050	0
Transfers for the year	0	20,050
Cost at 31 December	<u>0</u>	<u>20,050</u>
Value adjustments at 1 January	-7,500	0
Disposals for the year	7,500	0
Transfers for the year	0	-7,500
Value adjustments at 31 December	<u>0</u>	<u>-7,500</u>
Carrying amount at 31 December	<u>0</u>	<u>12,550</u>
8 Other financial assets		Other receiv- ables DKK
Cost at 1 January		1,766,542
Additions for the year		197,612
Disposals for the year		<u>-48,552</u>
Cost at 31 December		<u>1,915,602</u>
Carrying amount at 31 December		<u>1,915,602</u>

Notes to the Financial Statements

	2020 DKK	2019 DKK
9 Contract work in progress		
Selling price of work in progress	65,553,976	128,566,397
Payments received on account	<u>-75,973,854</u>	<u>-129,451,351</u>
	<u>-10,419,878</u>	<u>-884,954</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	3,243,404	5,923,194
Prepayments received from customers	<u>-13,663,282</u>	<u>-6,808,148</u>
	<u>-10,419,878</u>	<u>-884,954</u>

10 Prepayments

Prepayments consist of prepaid expenses concerning, insurance premiums, leasing and other administration costs.

11 Equity

The share capital consists of 1,713,187 shares of a nominal value of DKK 1. No shares carry any special rights.

On 28. April 2020, the Company acquired 1,000 treasury shares, corresponding to 0,06%. The total payment for the shares amounted to kDKK 91, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. The Company may choose to sell these shares at a later time. The shares have been acquired as part of the Company's strategy.

The Company holds a total of 29,207 shares with a nominal value of DKK 29,207 corresponding to 1,7% of the total capital.

12 Distribution of profit

Extraordinary dividend paid	0	2,000,000
Proposed dividend for the year	24,000,000	10,000,000
Retained earnings	<u>430,913</u>	<u>5,522,765</u>
	<u>24,430,913</u>	<u>17,522,765</u>

Notes to the Financial Statements

	2020	2019
	DKK	DKK
13 Deferred tax		
Provision for deferred tax at 1 January	2,314,439	1,961,725
Amounts recognised in the income statement for the year	122,786	352,714
Provision for deferred tax at 31 December	2,437,225	2,314,439

14 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:

Other payables

After 5 years	15,775,940	5,263,274
Long-term part	15,775,940	5,263,274
Other short-term payables	18,722,576	15,496,858
	34,498,516	20,760,132

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	3,887,121	3,346,697
Between 1 and 5 years	1,322,966	1,295,271
	5,210,087	4,641,968

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

Notes to the Financial Statements

16 Related parties

Transactions

The Company has entered administration agreements with group enterprises and other companies on the shared address of the companies covering office rental, canteen, reception, IT and finance services on a arms-length terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Fellowmind Holding AB	211 35 Malmö
Fellowmind Company AB	211 35 Malmö

The Group Annual Report of Fellowmind Company AB may be obtained at the following address:

Kalendegatan 26
211 35 Malmö

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of ProActive A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Cash flow statement

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

Recognition and measurement

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

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

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

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

Leases

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

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net discounts relating to sales.

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

External project costs

External project costs comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

17 Accounting Policies (continued)

Other external expenses

Other external expenses comprise expenses for premises, sales and marketing as well as office expenses, etc.

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.

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 all affiliated companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

17 Accounting Policies (continued)

Balance Sheet

Intangible assets

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work, but not exceeding 3 years.

Property, plant and equipment

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

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

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

Fixtures, fittings and equipments	5-7 years
Computers	3 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

17 Accounting Policies (continued)

Impairment of fixed assets

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

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

Investments in associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Fixed asset investments

Fixed asset investments, which consist of other equity investments, are measured at the lower of cost and recoverable amount.

Other financial assets

Other financial assets consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums, leasing and other administration costs.

Equity

Dividend

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

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 legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

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

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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