Zacco A/S

Central Business Registration no. 26 00 05 56

Arne Jacobsens Allé 15, 2300 Copenhagen, Denmark

Annual report for 2017

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 23 / 5 2018

M. CAARUSON

Chairman of the Meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Zacco A/S for the financial year 1 January – 31 December 2017.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Copenhagen, 23 May 2018

Executive Board

Mats Boström

Håkan Tjärnemo

Board of Directors

Hans Blomberg
Chairman

Jesper Kongstad
Vice Chairman

Reinhold Greijer

Stefan Ölander

Bengt Domeij

Casper Struve

Anne Merete Kvistad Haugerud

Margareta Karin Ingegerd Ydreskog

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Zacco A/S for the financial year 1 January – 31 December 2017.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

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

Copenhagen, 23 May 2018

Executive Board

Mats Boström

Håkan Tjärnemo

Board of Directors

Hans Blomberg
Chairman

Jesper Kongstad
Vice Chairman

Reinhold Greijer

Stefan Ölander

Bengt Domeij

Casper Struve

Anne Merete Kvistad Haugerud

Margareta Karin Ingegerd Ydreskog

Independent Auditor's Report

To the shareholders of Zacco A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Zacco A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017 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 company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

Independent auditor's report

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company 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 company 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 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 consolidated financial statements and the parent company 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 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

٧٤

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 23 May 2018

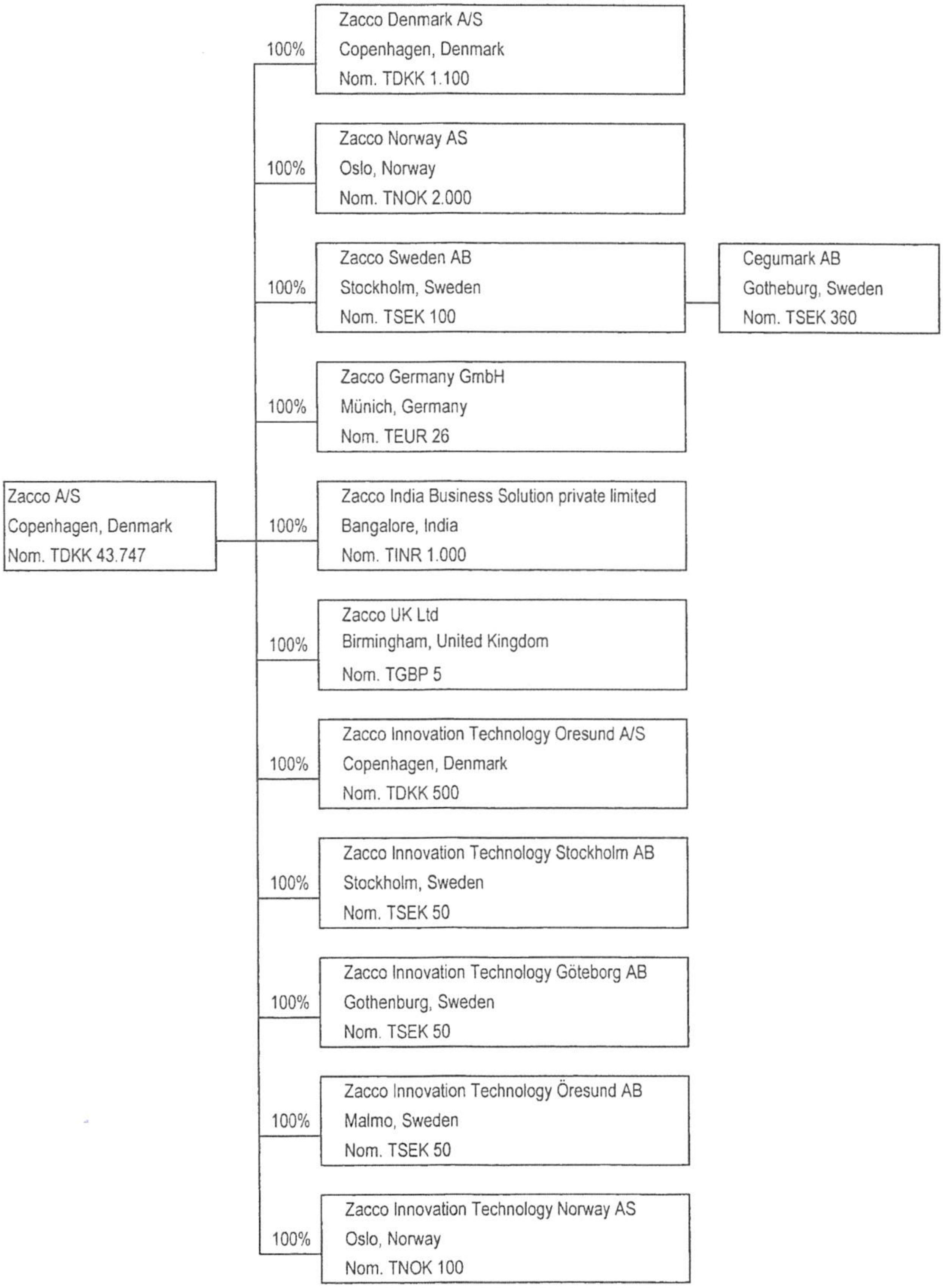
KPMG
Statsautoriseret Revisionspartnerselskab
CVR. No. 25 57 81 98

Klaus Rytz
State Authorised
Public Accountant
MME-no. 33205

Company information

The Company	Zacco A/S Arne Jacobsens Allé 15 2300 Copenhagen S	
	Telephone:	+45 39 48 80 00
	Fax:	+45 39 48 80 80
	Website:	www.zacco.com
	Central Business Registration No:	26 00 05 56
	Financial year:	1 January – 31 December
	Registered in:	Copenhagen
Board of Directors	Hans Blomberg, Chairman Jesper Kongstad, Vice Chairman Reinhold Geijer Bengt Domeij Stefan Ölander Casper Struve Anne Merete Kvistad Haugerud Magareta Karin Ingegerd Ydreskog	
Executive Board	Mats Boström Håkan Tjärnemo	
Lawyers	Lundgrens Tuborg Havnevej 19 2900 Hellerup	
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 Copenhagen	
	Registration No:	25 57 81 98
Bank	Skandinaviska Enskilda Bank, SEB	

Group chart at 31 December 2017



Group financial highlights

The Group's development for the last 5 years can be described by the following key figures and ratios.

	2017	2016	2015	2014	2013
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Financial performance					
Revenue	551.191	508.093	493.104	525.155	615.101
EBITDA *)	3.656	19.645	19.755	16.240	-30.299
Profit before financial income and expenses	867	17.075	17.128	13.851	-39.127
Net financials	-687	-4.141	-2.400	-3.472	-6.098
Profit for the year	3.002	11.644	12.628	11.435	-41.469
Balance sheet					
Balance sheet total	187.642	194.458	161.571	167.832	207.950
Investments in property, plant and equipment	2.465	1.378	137	5.691	580
Equity	92.938	95.025	65.502	30.233	34.776
Cash flows					
Cash flows from:					
Operating activities incl. paid tax	-15.438	16.331	-18.006	-576	-4.875
Investing activities	-2.598	-3.857	1.977	10.781	-2.549
Financing activities	-2.771	18.361	-2.053	-12.092	26.273
Change for the year in cash and cash equivalents	-20.807	30.836	-18.082	-1.888	18.849
Average number of employees	368	329	310	326	452
Ratios in % *)					
Gross margin	52,2%	51,7%	50,8%	49,5%	48,7%
Profit margin	0,2%	3,4%	3,5%	2,6%	-6,4%
Return on assets	0,5%	8,8%	10,6%	8,3%	-18,8%
Solvency ratio	49,5%	48,9%	40,5%	18,0%	16,7%
Return on equity	3,8%	14,5%	26,4%	35,2%	-107,5%

*) Definitions in note 24

Management's review

2018 Objectives

Focus going forward is on growing revenues from existing and new customers with our 360° offering. We will also continue recruitment activities in all of the regions, fine tune the business model and broadening the scope with services around our customers IP and intangible assets. Zacco forecast a revenue growth of 10% in 2018 and an improvement in profit level even if we will invest considerable amounts within our platform 2018.

Specific risks – operating risks and financial risks

Operating risks

The Company's business area is the provision of consulting services within IP, for which reason the Company's most important resource is professional qualifications and competences among the employees. The Company's employees fully possess the necessary professional skills and competences for servicing the Company's clients.

Zacco has increased the investments in a new platform, but even though large investments are put into building a world-class platform, the current setup with IT infrastructure, data systems and processes needs improvement to ensure seamless and efficient operation.

Market risks

Zacco operates in a growing but highly changeable market. Being an international and market-oriented organization, Zacco is in a good position for utilizing these in a dynamic way. Globalization and the long term trend of legalization becoming more and more harmonized e.g. Unitary Patent, it putting pressure and is increasing competition as the need of local agencies will be reduced.

Currency exposure

Zacco has considerable trade with other countries. As the Group invoice to as well as incur costs and make investments abroad, the net currency exposure is limited, however, with the exception of the exchange ratio between DKK and SEK, NOK and USD, respectively.

Interest rate risk

The Company is not exposed to any material interest rate risk, and accordingly no dispositions are generally entered into for hedging interest risks.

Credit risks

The Group's policy of assessment of credit risks results in current credit assessment of large customers and trading partners. By the end of the year, no increase in the credit risk has been stated, and the provisions for bad debt performed are considered sufficient.

Events after the balance sheet date

No significant material event has happened after the end of Financial Year 2017.

Management's review

Intellectual capital resources

Zacco's business is people based. Retaining and attracting the right people with the right skill, competences, knowledge, commitment and customer relations are the most important intellectual capital resources in the business. As an established business, for more than 100 years, Zacco has a comprehensive network of customer and business partners domestically as well as abroad.

Corporate social responsibility

Corporate social responsibilities form an integrated part of Zacco's group values and is embedded in the way Zacco carry out business in both local and international settings. Zacco' focus areas for corporate social responsibility are environment & climate, Human rights and equal rights for genders.

Environment & Climate

Zacco believe that businesses are responsible for achieving good environmental practice and to operate in a sustainable matter.

Zacco's risks related to Environment & Climate relates to energy consumption and use of materials. We are therefore committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods.

Our policy is to

- Wholly support and comply with or exceed the requirements of current environmental legislation and codes of practice.
- Minimize our waste and then reuse or recycle as much of it as possible.
- Strive to minimize printing
- Use, as far as possible, electronic communication when we communicate with clients, agents and authorities
- Encourage client and agents to use electronic communication when communicating with Zacco
- Strive to recycle and possibly reuse electronic and other equipment
- Minimize energy and water usage in our buildings, vehicles and processes in order to conserve supplies, and minimize our consumption of natural resources, especially where they are non-renewable.
- Apply the principles of continuous improvement in respect of air, water, noise and light pollution from our premises and reduce any impacts from our operations on the environment and local community.
- As far as possible purchase products and services that do the least damage to the environment and encourage others to do the same.
- Assess the environmental impact of any new processes or products we intend to introduce in advance.

The Zacco Management Team is responsible for environmental management and performance and the integration of sustainable development within Zacco. All employees share this responsibility and are supported by key staff to help promote best practice, continual improvement and monitor performance.

In 2017 Zacco has further developed our QMS system (Zacco Quality Management system) and one part of that is focusing on environmental process and routines and the implementation of this will continue in 2018.

Management's review

Human rights

Zacco recognizes the international human rights such as the right to education and the freedom of speech and secures that no discrimination based on race, religion or political opinion takes place. Zacco supports and respects conventions for human rights. Equality and diversity are very important for Zacco.

As part of recognizing the international human rights, Zacco is committed to support the development and education of young underprivileged people through the educational / motivational program "Star for Life". The program aims to strengthen the self-esteem of young people in Africa. The work of Star for Life is in accordance with the UN Convention on the Rights of the Child and the Millennium Development Goals, to create fairer and more sustainable societies. "Star for Life" is administered and operated by Starforlife.org.

During 2016, the Star of Life has been active on a large number of schools. In 2017, the program operated in 101 schools in South Africa, 20 in Namibia, 9 in Sweden and 1 in Sri Lanka. The program reaches 100.000 pupils currently. The results achieved during 2016 relates to not only effort made during the year but also an effort over several years. Young people in the Star for Life program has a better academic performance compared to young people outside the program and the knowledge of health challenges such as HIV prevention and drugs are also at a higher level. The Star for Life is particular effective among the poorest girls.

Goals and policies for the underrepresented gender

By having a diverse management composition Zacco aims to increase work quality and interaction within the management team.

Zacco has set the following diversity objectives, which are reviewed once a year.

- At least 25% of the board members elected at the General Meeting should be women by the end of 2017. Following the Annual general meeting in May 2016 this goal was reached, as 2 board members are women out of 7. Therefore, under 99 b of the Danish Financial Statement Act is not necessary to set additional targets for the Board.

- Within the next 4 years, the gender split in senior management positions (Zacco management team ZMT) should be 30% /70%. By the end of March 2017 2 out of 10 members in senior management were women. It is part of Zacco's personnel policy that the percentage of women in the other managerial positions should be slightly increased, but still engaging the most competent candidates, in order to create an equal distribution of men and women. When Zacco recruits or hire staff for managerial roles, the Company ensure, to the extent possible, to have both female and male candidates. This principle is followed for both internal and external recruitments. The personnel policy will be followed when filling in managerial positions. Zacco has appointed two women in Zacco for Managing Director roles in new subsidiaries, one in the UK and one in Norway in 2017.

Income statement 1 January to 31 December

	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1,2	551.191	508.093	1.031	1.996
Cost of sales		-191.416	-179.597	-	-
Other external expenses		-72.223	-66.034	1.991	1.218
Gross profit		**287.551**	**262.462**	**3.022**	**3.214**
Staff costs	3,24	-283.895	-242.841	62	314
Other operating expenses		-	24	-	-
Amortisation and depreciation	4	-2.789	-2.570	-	-466
Result before financial income and expenses		**867**	**17.075**	**3.084**	**3.062**
Result from investments in subsidiaries	5	-	-	-459	7.840
Financial income	6	8.545	10.198	2.179	1.624
Financial expenses	7	-9.232	-14.340	-2.040	-416
Result before tax		**180**	**12.934**	**2.765**	**12.110**
Tax on profit for the year	8	2.822	-1.290	237	-466
Profit / (Loss) for the year	9	**3.002**	**11.644**	**3.002**	**11.644**

Balance sheet at 31 December

	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
		DKK '000	DKK '000	DKK '000	DKK '000
Assets					
Goodwill		1.401	2.265	-	-
Intangible assets	10	**1.401**	**2.265**	**-**	**-**
Other fixtures and fittings, tools and equipment		4.937	4.470	-	-
Property, plant and equipment	11	**4.937**	**4.470**	**-**	**-**
Investments in subsidiaries		-	-	76.232	76.138
Pension asset (net)		2.272	2.139	19	19
Other securities and investments		12	12	-	-
Fixed asset investments	12	**2.284**	**2.151**	**76.250**	**76.157**
Fixed assets		**8.622**	**8.886**	**76.250**	**76.157**
Trade receivables		118.759	111.017	-	-
Contract work in progress	13	18.039	17.148	-	-
Receivables from group enterprises		-	-	4.167	77.567
Receivables, joint tax contribution		-	-	428	428
Other receivables		2.723	1.981	920	145
Income taxes		3.117	3.535	-	-
Deferred tax asset	14	10.534	6.613	5.491	5.254
Prepayments		7.199	5.820	1.128	330
Receivables		**160.370**	**146.115**	**12.134**	**83.723**
Cash at bank and in hand	15	**18.650**	**39.457**	**16.535**	**-**
Total current assets		**179.020**	**185.572**	**28.669**	**83.723**
Assets		**187.642**	**194.458**	**104.919**	**159.880**

Balance sheet at 31 December

	Note	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
		DKK '000	DKK '000	DKK '000	DKK '000
Equity and liabilities					
Share capital		43.349	41.527	43.349	41.527
Reserve for own equity investments		-	-	-3.043	-434
Retained earnings		49.590	44.998	52.632	45.432
Proposed dividends		-	8.500	-	8.500
Equity	16	**92.938**	**95.025**	**92.938**	**95.025**
Pension commitments		3.785	3.658	-	-
Other provisions	12,17	-	-	2.643	2.893
Provisions		**3.785**	**3.658**	**2.643**	**2.893**
Credit institutions	18	-	-	4.820	56.673
Prepayments received from customers	13	1.870	1.815	-	-
Trade payables		25.978	31.124	1.352	431
Income taxes		552	-	-	-
Other payables		62.520	62.835	3.166	4.857
Current liabilities		**90.919**	**95.774**	**9.338**	**61.961**
Liabilities other than provisions		**90.919**	**95.774**	**9.338**	**61.961**
Equity and liabilities		**187.642**	**194.458**	**104.919**	**159.880**

Contingent items, securities and other financial commitments	19
Fees to auditors appointed by the General Meeting	20
Related parties and ownership	21
Cash flow statement - adjustments	22
Cash flow statement - working capital changes	23

Statement of changes in equity - Group	Share capital	Share premium account	Retained earnings	Proposed dividends	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2017	41.527	-	44.998	8.500	95.025
Capital increase	1.821	6.394	-	-	8.215
Purchase of treasury shares	-	-	-2.609	-	-2.609
Transferred to distributable reserves	-	-6.394	6.394	-	-
Costs regarding capital increase	-	-	-10	-	-10
Exchange adjustments relating to independent foreign	-	-	-1.620	-	-1.620
Exchange adjustments relating to profit for the year	-	-	-650	-	-650
Dividends distributed	-	-	-	-8.415	-8.415
Adjustment, dividends distributed	-	-	85	-85	-
Profit for the year	-	-	3.002	-	3.002
Proposed dividends for the financial year	-	-	-	-	-
Equity at 31 December 2017	43.349	-	49.590	-	92.938

Statement of changes in equity - Group					
Equity at 1 January 2016	36.998	-	28.504	-	65.502
Capital increase	4.529	13.889	-	-	18.418
Purchase of treasury shares	-	-	-30	-	-30
Proposed dividends	-	-	-8.500	8.500	-
Transferred to distributable reserves	-	-13.889	13.889	-	-
Costs regarding capital increase	-	-	-27	-	-27
entities	-	-	-320	-	-320
Exchange adjustments relating to profit for the year	-	-	-161	-	-161
Profit for the year	-	-	11.644	-	11.644
Equity at 31 December 2016	41.527	-	44.998	8.500	95.025

Statement of changes in equity - Parent Company	Share capital	Share premium account	Reserve according to the equity method	Retained earnings	Proposed dividends	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2017	41.527	-	-434	45.432	8.500	95.025
Capital increase	1.821	6.394	-	-	-	8.215
Transferred to distributable reserves	-	-6.394	-	6.394	-	-
Dividends distributed	-	-	-		-8.415	-8.415
Adjustment, dividends distributed	-	-	-	85	-85	-
Purchase of treasury shares	-	-	-2.609	-	-	-2.609
Costs regarding capital increase	-	-	-	-10	-	-10
Exchange adjustments relating to independent foreign entities	-	-	-1.620	-	-	-1.620
Exchange adjustments relating to profit for the year	-	-	-650	-	-	-650
Profit for the year	-	-	2.270	732		3.002
Equity at 31 December 2017	43.349	-	-3.043	52.632	-	92.938

Statement of changes in equity - Parent Company	Share capital	Share premium account	Reserve according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 January 2016	36.998	-	-404	28.908	-	65.502
Capital increase	4.529	13.889	-	-	-	18.418
Transferred to distributable reserves	-	-13.889	-	13.889	-	-
Purchase of treasury shares	-	-	-30	-	-	-30
Costs regarding capital increase	-	-	-	-27	-	-27
entities	-	-	-320	-	-	-320
Exchange adjustments relating to profit for the year	-	-	-161	-	-	-161
Proposed dividends for the financial year	-	-	-	-8.500	8.500	-
Profit for the year	-	-	482	11.162	-	11.644
Equity at 31 December 2016	41.527	-	-434	45.432	8.500	95.025

Consolidated cash flow statement 1 January to 31 December

	Note	2017	2016
		DKK '000	DKK '000
Profit for the year		3.002	11.644
Adjustments	22	-1.470	7.408
Change in working capital	23	-16.154	-2.822
Cash flows from operating activities before net financials		-14.622	16.230
Interest income and similar		8.545	10.198
Interest expenses and similar		-9.232	-14.340
Cash flows from ordinary activities		-15.309	12.089
Paid/repaid Income taxes		-129	4.243
Cash flows from operating activities		**-15.438**	**16.331**
Purchase of Goodwill		-	-2.471
Purchase of property, plant and equipment		-2.465	-1.378
Increase/decrease in deposits		-133	-7
		-2.598	**-3.857**
Dividend paid		-8.368	-
Treasury shares, net		-2.609	-30
Capital increase		8.215	18.418
Costs regarding capital increase		-10	-27
Cash flows from financing activities		**-2.771**	**18.361**
Increase in cash and cash equivalents		**-20.807**	**30.836**
Cash and cash equivalents at 1 January		39.457	8.621
Cash and cash equivalents at 31 December		**18.650**	**39.457**

MC

Notes to the annual report

1 Segment reporting

Geographical markets	Group 2017	Group 2016
	DKK '000	DKK '000
Revenue		
Denmark	164.057	162.531
Sweden	241.599	204.598
Norway	108.411	109.940
Germany	37.124	31.025
Operating activities	551.191	508.093

2 Revenue

	Parent Company 2017	Parent Company 2016
	DKK '000	DKK '000
Geographical markets:		
Europe	1.031	1.996

3 Employees

	Group		Parent Company	
	2017	2016	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000
Salaries	231.806	198.650	23.503	24.305
Pensions	16.573	13.908	353	402
Other social security costs	35.516	30.283	1.227	1.165
Allocation to other Group companies	-	-	-25.145	-26.185
	283.895	**242.841**	**-62**	**-314**
Remuneration for Executive and Board of Directors	**7.446**	**8.770**	**7.378**	**8.577**
Average number of employees	**368**	**329**	**25**	**29**

4 Amortisation, depreciation and write-down

	Group		Parent Company	
	2017	2016	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000
Goodwill	816	201	-	-
Development costs	-	255	-	-
Other fixtures and fittings, tools and equipment	1.973	2.114	-	466
	2.789	2.570	-	466

Ml

Notes to the annual report

5 Result from investments in subsidiaries	Parent Company 2017	Parent Company 2016
	DKK '000	DKK '000
Result subsidiaries	-292	7.880
Amortisation and write-down of goodwill	-817	-201
Exchange adjustments relating to profit for the year	650	161
	-459	7.840

6 Financial income	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
	DKK '000	DKK '000	DKK '000	DKK '000
Interests on cash & bank deposits	888	906	51	-
Interest income from group companies	-	-	952	403
Exchange adjustments	7.656	9.280	1.177	1.221
Other financial income	1	13	-	-
	8.545	10.198	2.179	1.624

7 Financial expenses	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
	DKK '000	DKK '000	DKK '000	DKK '000
Exchange adjustments	6.781	10.598	1.692	905
Instruments of debt and credit institutions	1.190	2.570	318	573
Interest expenses from group companies	-	-	78	-1.082
Other financial expenses	1.261	1.171	-48	19
	9.232	14.340	2.040	416

8 Tax on profit for the year	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
	DKK '000	DKK '000	DKK '000	DKK '000
Current tax for the year	-689	-	-	428
Deferred tax for the year	3.511	-1.290	237	-894
	2.822	-1.290	237	-466

9 Proposed distribution of profit:	Parent Company 2017	Parent Company 2016
	DKK '000	DKK '000
Proposed dividends for the financial year	-	8.500
Retained earnings	732	2.662
Reserve for net revaluation according to the equity method	2.270	482
	3.002	11.644

H

Notes to the annual report

10 Intangible assets

	Goodwill	Development costs	Group 2017 Total	Group 2016 Total
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	20.033	770	20.803	18.818
Exchange adjustment to rate at year-end	-431	-22	-453	-486
Additions for the year	-	-	-	2.471
Disposals for the year	-	-2.892	-2.892	-
Cost at 31 December	19.602	-2.144	17.458	20.803
Amortisation and write-down at 1 January	17.768	770	18.538	18.552
Exchange adjustment to rate at year-end	-367	-22	-389	-475
Amortisation and write-down for the year	816	-	816	456
Exchange adjust. of amortisation for the year	-16	-	-16	5
Reversed write-down and amortisation	-	-2.892	-2.892	-
Amortisation and write-down at 31 December	18.201	-2.144	16.057	18.538
Carrying amount at 31 December	**1.401**	-	**1.401**	**2.265**
Amortised over max. years	10	5	5-10	5-10

11 Property, plant and equipment

	Group 2017	Group 2016
	DKK '000	DKK '000
Other fixtures and fittings, tools and equipment		
Cost at 1 January	12.511	13.348
Exchange adjustment to rate at year-end	-182	-100
Additions during the year	2.465	1.378
Disposals during the year	-	-2.115
Cost at 31 December	14.793	12.511
Depreciation and write-down at 1 January	8.041	8.278
Exchange adjustment to rate at year-end	-147	-147
Depreciation for the year	1.973	2.114
Exchange adjustment of depreciation for the year	-10	1
Reversed write-down and depreciation	0	-2.206
Depreciation and write-down at 31 December	9.856	8.041
Carrying amount at 31 December	**4.937**	**4.470**
Depreciated over max. years	3-5	3-5
Of this, assets held under finance lease are included by	-	-

Hr

Notes to the annual report

12 Fixed asset investments

Investments in subsidiaries	Parent Company 2017	2016
	DKK '000	DKK '000
Cost at 1 January	83.554	59.993
Additions for the year	225	23.562
Cost at 31 December	83.779	83.554
Value adjustments at the beginning of the year	-10.310	-18.568
Exchange rate adjustment	-1.620	-320
Profit for the year	-292	7.882
Amortisation and write-down of goodwill	-817	-203
Other adjustments	2.849	900
Value adjustments at 31 December	-10.190	-10.310
Negative investments in subsidiaries moved to provisions	2.643	2.893
Carrying amount at 31 December	76.232	76.138

Notes to the annual report

Investments in subsidiaries can be specified as follows:

Name	Ownership in %	Contributed capital	Equity	Profit before tax	Profit for the year
			DKK '000	DKK '000	DKK '000
Zacco Denmark A/S	100%	TDKK 1.100	28.954	-5.026	-4.048
Zacco Norway AS	100%	TNOK 1.000	16.997	3.760	3.075
Zacco Sweden AB	100%	TSEK 100	16.661	-2.639	-1.132
Cegumark AB	100%	TSEK 360	906	-100	-100
Zacco Germany GmbH	100%	TEUR 26	12.592	1.816	1.816
Zacco Innovation Technology Oresund A/S	100%	TDKK 500	-1.968	-1.877	-1.181
Zacco Innovation Technology Stockholm AB	100%	TSEK 50	-16	916	915
Zacco Innovation Technology Göteborg AB	100%	TSEK 50	-45	1.067	1.067
Zacco Innovation Technology Öresund AB	100%	TSEK 50	45	52	50
Zacco Innovation Technology Norway AS	100%	TNOK 50	76	-	-
Zacco UK Ltd	100%	TGBP 5	-156	-197	-197
Zacco India Business Solution private limited	100%	TINR 1.000	-459	-557	-557
			73.589	-2.784	-292
Amortisation and write-down of goodwill				-817	-817
Negative investments in subsidiaries moved to provisions			2.643		
			76.232	-3.600	-1.109

Notes to the annual report

12 Fixed asset investments

Group	Deposits	Other securities and investments
	DKK '000	DKK '000
Cost at 1 January 2017	2.139	12
Additions during the year	133	-0
Carrying amount at 31 December	**2.272**	**12**

13 Contract work in progress

	Group		Parent Company	
	2017	2016	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000
Work in progress	18.039	17.148	-	-
Prepayments received	-1.870	-1.815	-	-
	16.168	**15.333**	-	-

14 Deferred tax asset

	Group		Parent Company	
	2017	2016	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000
Property, plant and equipment	269	182	-	-
Trade receivables	266	260	-	-
Work in progress	-1.095	-1.087	-	-
Pension asset (net)	463	463	-	-
Other tax reserves in subsidiaries	428	-	-	-
Accrued costs	351	448	-	-
Tax losses carryforward	9.852	6.347	5.491	5.254
	10.534	**6.613**	**5.491**	**5.254**

The Group has an unrecognised deferred tax asset relating to Zacco Germany.

Notes to the annual report

15 Cash and cash equivalents	Group 2017 DKK '000	Group 2016 DKK '000	Parent Company 2017 DKK '000	Parent Company 2016 DKK '000
The total cash and cash equivalents are distributed as follows:				
Available cash and cash equivalents	15.357	37.297	16.535	-
Cash and cash equivalents tied up	3.293	2.161	-	-
	18.650	**39.457**	**16.535**	**-**

16 Equity

The share capital consists of 86.697.253 shares of nominally DKK 0,5. No shares have special rights. The company has issued 3.642.472 shares in 2017.

Specification of changes in share capital:

	2017 1.000	2016 1.000	2015 1.000	2014 1.000	2013 1.000
No of shares at 1 January	83.055	73.996	72.627	27.987	17.987
Share emissions	3.642	9.059	1.369	44.640	10.000
	86.697	**83.055**	**73.996**	**72.627**	**27.987**

The company has 1.367.143 treasury shares of nomanlly 0,5 DKK, which is 1,6% of the share capital. During 2017 the company has acquired 1.115.987 shares from former and current employees.

17 Other provisions

Other provisions comprise staff-related expenses, negative investments in subsidiaries, claims from sales of investments and provision for pensions.

Notes to the annual report

18 Non-current liabilities

Instalments due within 1 year have been listed under current liabilities. Other liabilities have been recognised under non-current liabilities.

The liabilities fall due according to the below order:

	Group		Parent Company	
	2017	2016	2017	2016
Credit institutions	DKK '000	DKK '000	DKK '000	DKK '000
Within 1 year	-	-	4.820	56.673
	-	**-**	**4.820**	**56.673**

19 Contingent items, securities and other financial commitments

Lease commitments from operating lease.	Group	
Total future rental and lease payments:	2017	2016
	DKK '000	DKK '000
Within 1 year	18.683	17.927
Between 1 and 5 years	27.616	22.013
After five years	3.191	147
	49.490	**40.088**

The Group is regularly party to lawsuits, disputes and similar. Management does not believe these cases to significantly influence the Group's financial position.

A security in debtors and all other assets has been granted as security for the total bank commitment with SEB, Skandinaviska Enskilda Banken AB by Zacco Denmark A/S and Zacco Sweden AB. Zacco Denmark has granted securities by 43 mDKK and Zacco Sweden AB by 37,9 mSEK .
A security in debtors of 300 tSEK has been granted as security for Cegumark AB's total bank commitment.

The companies in the Group have provided security to credit institutions by way of guarantee of 50 mDKK corresponding to the limit for operating credit facility.

Parent
The parent company has issued a bank guarantee of 500 tEUR relating to claims from sales of the shares in Zacco Netherlands.

The Parent company has issued a Letter of Support in favour of Zacco Innovation Technology Oresund A/S and Zacco Innovation Technology Göteborg AB. The gurantee will be in force until the annual general meeting in 2019.

	Group		Parent Company	
	2017	2016	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000
20 Fee to auditors appointed by the General Meeting				
Audit fees	620	598	175	95
Other statements and reports	11	10	-	
Income taxes	23	176	10	35
Other services	620	434	175	
	1.274	**1.218**	**360**	**130**

21 Related parties and ownership

Controlling influence

No related parties have a controlling interest.

Other related parties

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

Notes to the annual report

22 Cash flow statement - adjustments	Group 2017	Group 2016
	DKK '000	DKK '000
Other operating income/expenses	-	-24
Financial income	-8.545	-10.198
Financial expenses	9.232	14.340
Amortisation, depreciation and write-down for the year	2.789	2.570
Adjustment of pension commitment and other liabilities	126	-81
Tax on profit for the year	-2.822	1.290
Other adjustments	-2.250	-488
	-1.470	**7.408**

23 Cash flow statement - working capital changes	Group 2017	Group 2016
	DKK '000	DKK '000
Change in receivables	-10.885	-6.185
Change in trade payables, other payables, etc	-5.268	3.363
	-16.154	**-2.822**

24 Incentive programme

Zacco has issued 3.475.000 call options in 2016 to key employees. The options gives the option holder a right to purchase one (1) share for each option. The options are issued in two allotments. First allotment (1.800.000 call options) expired in December 2017 and was fully exercised, and second allotment (1.675.000 call options) can be called during June 2018. The purchase price for the options has been calculated using the Black-Scholdes formula to ensure a market price.

ND

25 Accounting policy

The Annual report of Zacco A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large companies of reporting class C.

The Annual Report for 2017 has been prepared in DKK 1,000.

The accounting policies remain unchanged compared to previous year.

Recognition and measurement

All revenues are recognised in the income statement as earned based on the following criteria:

- a binding sales agreement has been made,
- the sales price has been determined, and
- payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, 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 and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with the addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

Basis of consolidation

The Annual Report comprises the Parent Company, Zacco A/S, 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. The Group comprises Zacco A/S and the enterprises which appear from the group chart.

The Annual Report of the Group has been prepared on the basis of the Annual Reports of the Parent Company and subsidiaries by combining accounting items of a uniform nature.

On consolidation, elimination is made of intercompany income and expenses, shareholdings and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Annual Reports used for the purpose of the Annual Report of the Group have been prepared in accordance with the accounting policies of the Group. On acquisition of subsidiaries, the difference between cost of acquisition and net asset value of the company acquired is determined at the date of acquisition after the individual assets and liabilities having been

adjusted to fair value (the acquisition method) and allowing for the recognition of any restructuring provisions relating to the company acquired.
Any remaining positive differences (goodwill) are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over the expected useful life, up to a maximum of 20 years. In each individual case Management estimates the expected useful life.

Leases

Leases in respect of property, plant and equipment in terms of which the individual group companies assume substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the fair value of the leased asset, if measurable. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value. Assets acquired under finance leases are depreciated and written down for impairment in the same way as the other property, plant and equipment of the Company.

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

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement over the lease term.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.
On recognition of foreign subsidiaries of the Company that are separate legal entities, income statements are translated at average exchange rates, whereas balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening equity of independent foreign enterprises and exchange adjustments arising from the translation at average exchange rates of the income statements of independent foreign enterprises are recognised directly in equity.

Segment reporting

Segment information is presented in respect of geographical markets. Such information is based on the Company's risks and returns and its internal financial reporting system.

Income Statement

Revenue

Revenue equals the selling price of work completed for the year. The completion of the individual projects often covers several financial periods and therefore the percentage-of-completion method is applied for the recognition of income. Accordingly, the profit on work performed is recognised as income on a pro rata basis concurrently with finalisation.

Cost of sales

Production costs comprise costs incurred to achieve revenue for the year, including out-of-pocket expenses paid by Danish and foreign employees and charges to public authorities.

Other external expenses

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

Other external expenses also include research and development costs that do not qualify for capitalisation.

Staff expenses

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

Depreciation

Depreciation comprises amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and expenses comprise accounting items of a secondary nature compared to the Company's main activity, including profit and loss on sale of intangible assets and property, plant and equipment.
Profit or loss on sale or winding up of subsidiaries is calculated as the difference between selling price for the settlement amount and the carrying amount of net assets at the time of sale or winding up, including unamortised goodwill as well as expected costs of sale or winding up.

Income from investments in group enterprises

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year less goodwill amortisation and change in internal profit.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and 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 entries is recognised directly in equity.

Current tax liabilities are recognised in short-term debt in the balance sheet in the event of non-payment.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences

concerning goodwill not deductible for tax purposes. Deferred tax is measured on the basis of the tax rates of the respective countries.

The Company is jointly taxed with Zacco Denmark A/S and Zacco Innovation Technology Oresund A/S. The tax effect of the joint taxation with the subsidiary is allocated in proportion to the taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experi-ence with the individual business areas. The maximum amortisation period is 20 years. In each individual case Management estimates the expected useful life.

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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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 equipment	3-5 years
Computer hardware and software	3 years
Leasehold improvements	5 years

Gains and losses on current replacement of property, plant and equipment are recognised in "Depreciation".

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Impairment of fixed assets

The carrying amounts of both intangible assets and property, plant and equipment are reviewed on an annual basis to deter-mine 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. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets should be

assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.
Goodwill and other assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Fixed asset investments

Unlisted shares are measured at estimated selling price.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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

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

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable as well as general write-down based on the Company's experience from previous years.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed based on 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.
Prepayments are set off against contract work in progress. Payments received on account in excess of the contract work performed to date are stated separately for each contract and recognised as prepayments received from customers in short-term debt.

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

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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

Equity

Dividend
Dividend proposed distributed for the year by Management is shown as a separate equity item.

Provisions

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

Pension obligations

To the extent that pension obligations are not covered by insurance, they are recognised in the balance sheet as provisions. The calculation of the liability is based on actuarial computations or on capitalised values.

Financial debts

Fixed-interest loans, such as loans from credit institutions, intended held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (the capital loss) is recognised in the income statement over the loan period.

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

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at cost and subsequently at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" or "Other payables", respectively.

Change in the fair value of derivative financial instruments is recognised in the income statement unless the derivative financial instrument is classified as and meets the criteria for hedge accounting, see below.

Hedge accounting
A change in the fair value of financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability which is attributable to the hedged risk.

A change in the fair value of financial instruments classified as and complying with the criteria for hedging of expected future transactions is recognised in equity as retained earnings with respect to the effective part of the hedging. The ineffective part is recognised in the income statement
. If the hedged transaction results in an asset or a liability, amounts deferred under equity are transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, amounts deferred under equity are transferred from equity and recognised in the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

A change in the fair value of financial instruments classified as and complying with the criteria for hedging of net investments in independent subsidiaries or associates is recognised directly in equity with respect to the effective part of the hedging, whereas the ineffective part is recognised in the income statement.

Cash Flow Statement

The cash flow statement shows the Group cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group net profit/loss for the year adjusted for non-cash operating items such as depreciation, amortisation and impairment losses, provisions as well as changes in working capital. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

Financial ratios

The Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios.

The financial ratios have been calculated as follows:

EBITDA = Earnings before interests, tax, depreciations and amortisations

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on net assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

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

٣