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Zacco A/S

Central Business Registration no. 26 00 05 56

Arne Jacobsens Allé 15, 2300 Copenhagen, Denmark

Annual report for 2019

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 9/6 2020



Chairman of the Meeting

MICHAEL CAPPALUNAWA



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Zacco A/S
Annual report 2019
CVR no. 26 00 05 56

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Zacco A/S
Annual report 2019
CVR no. 26 00 05 56

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 2019.

The annual report has been 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 2019 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 2019.

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

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

Copenhagen, 6 May 2020

Executive Board

Mats Boström

Håkan Tjämemo

Board of Directors

Hans Blomberg
Chairman

Jesper Kongstad
Vice Chairman

Reinhold Geijer

Stefan Ölander

Bengt Domeij Ribbing

Casper Struve

Anne Merete Kvistad Haugerud

Tomas Gustafsson



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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 2019 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 the 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 2019 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 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent 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.

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 in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and parent company financial statements.



Zacco A/S
Annual report 2019
CVR no. 26 00 05 56

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.

Independent auditor's report

We also

- identify and assess the risks of material misstatement of the consolidated financial statements and 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.



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Zacco A/S
Annual report 2019
CVR no. 26 00 05 56

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.

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 6 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab
Cvr. No. 25 57 81 98

Klaus Rytz
State Authorised
Public Accountant
MME-no. 33205



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Zacco A/S
Annual report 2019
CVR no. 26 00 05 56

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 Ribbing
Stefan Ölander
Casper Struve, employee representative
Anne Merete Kvistad Haugerud, employee representative
Tomas Gustafsson, employee representative

Executive Board

Mats Boström
Håkan Tjåmemo

Lawyers

Lundgrens
Tuborg Havnevej 19
DK-2900 Hellerup

Auditors

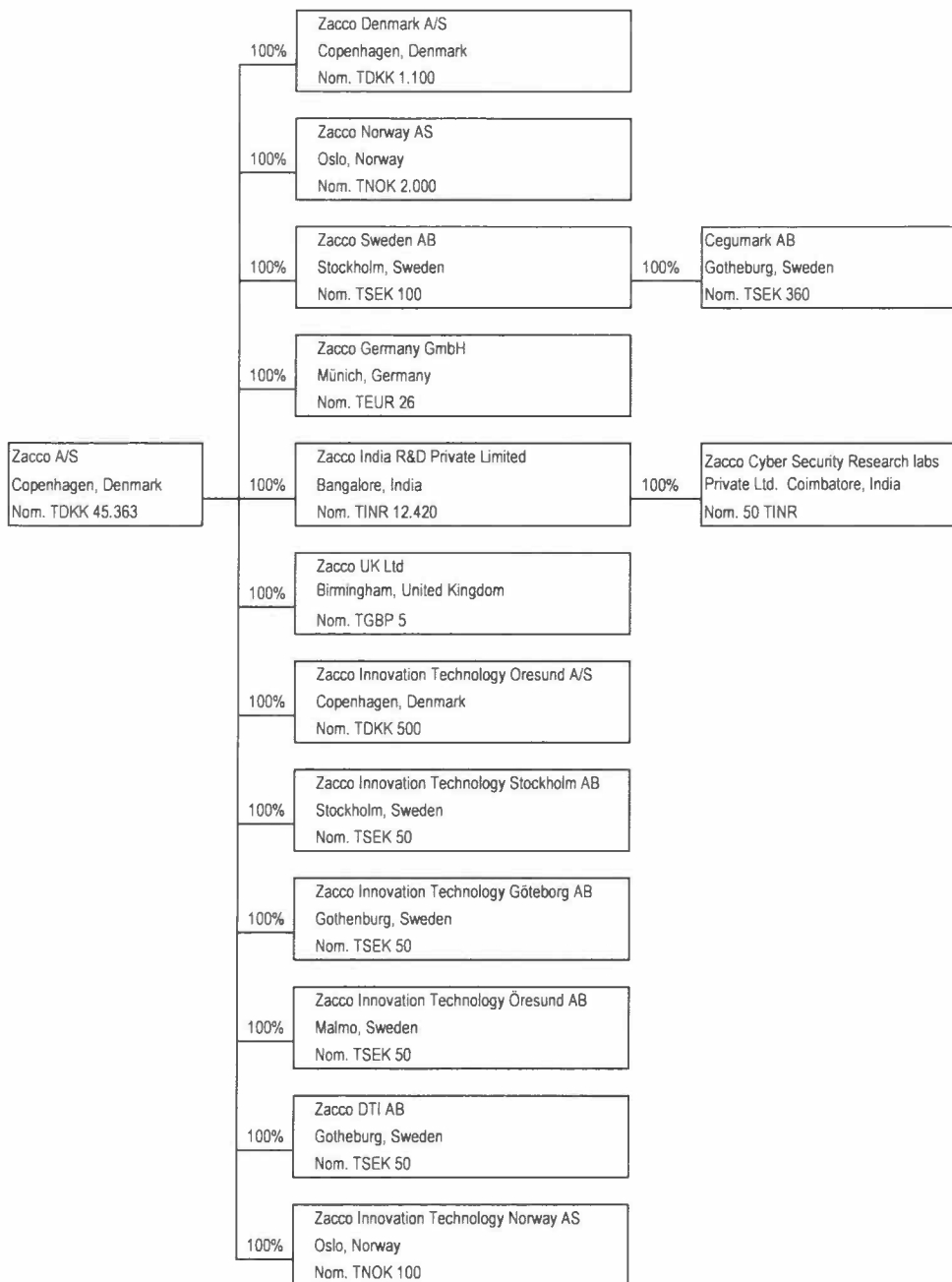
KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Registration No: 25 57 81 98

Bank

Skandinaviska Enskilda Bank, SEB



Group chart at 31 December 2019



Management review

Performance highlights

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Financial performance					
Revenue	644.667	598.644	551.191	508.093	493.104
EBITDA *)	10.077	11.900	3.656	19.645	19.755
Profit before financial income and expenses	6.581	8.854	867	17.075	17.128
Net financials	-3.430	-2.737	-687	-4.141	-2.400
Profit for the year	2.138	4.783	3.002	11.644	12.628
Balance sheet					
Balance sheet total	229.588	221.051	187.642	194.458	161.571
Investments in property, plant and equipment	4.661	771	2.465	1.378	137
Equity	111.297	106.395	92.938	95.025	65.502
Cash flows					
Cash flows from:					
Operating activities incl. paid tax	-7.305	1.061	-15.438	16.331	-18.006
Investing activities	-8.804	-1.132	-2.598	-3.857	1.977
Financing activities	2.637	9.542	-2.771	18.361	-2.053
Change for the year in cash and cash equivalents	-13.472	9.471	-20.807	30.836	-18.082
Average number of employees	490	370	368	329	310
Ratios in % *)					
Gross margin	51,6%	53,2%	52,2%	51,7%	50,8%
Profit margin	1,0%	1,5%	0,2%	3,4%	3,5%
Return on assets	2,9%	4,0%	0,5%	8,8%	10,6%
Solvency ratio	48,5%	48,1%	49,5%	48,9%	40,5%
Return on equity	2,0%	4,8%	3,2%	14,5%	26,4%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.



Management's review - operating review

The Group's principal activities

Zacco is an international IP company handling 200,000 active IP rights and providing consulting services within the IP field. Zacco is the market leader in Scandinavia but also provides services to many international companies. Zacco provides services from 32 offices in Sweden, Denmark, Norway, Germany, UK and India but also subcontracts work to international IP firms through an extensive international network with 150 preferred agents in more than 120 countries.

Market overview

Zacco is a modern, full-service intellectual property consultancy with 150 years' experience of innovative thinking. The company offers an all-embracing 360° perspective on intellectual property: From patent filing, trademark registration and design protection to secure development, digital brand protection, digital threat intelligence, cyber security and portfolio management. By combining the traditional IP disciplines with cyber security, digital threat intelligence, secure development and digital brands, Zacco takes care of ideas, innovations, data, identity - and all other intangible assets.

Zacco has more than 500 employees comprising experts in all aspects of intellectual property, including a large number of experienced patent, trademark and design attorneys as well as attorneys at law and paralegals, cyber security specialists and software developers.

Business development

Zacco showed a positive development and growth in almost all regions and business lines during 2019. Our Digital Brand offering has strengthened our trademark business and resulted in good growth numbers in 2019.

Zacco R&D centre in Bangalore, India, has continued its delivering of high-quality services to Zacco clients in Scandinavia and in Germany and now consists of more than 60 employees. In 2019, Zacco also acquired Coimbatore-based Lakhshya Cybersecurity Labs, a cybersecurity research and consulting services company. The acquisition will help Zacco India R&D grow its technology services in India and increase its focus on building its cybersecurity expertise for its global customers. Lakhshya Labs has a team of more than 40 employees, with expertise across banking, financial services and insurance, aviation, government, automotive, manufacturing and trading verticals. In total, Zacco has now more than 100 employees located in India.

Zacco has continued the work of upgrading the entire service offering, from identifying, managing and monitoring intangible assets to enforcing our clients' IP rights. The world of today is becoming increasingly digital and so are the assets of our clients and Zacco has a strong ambition to help our clients securing all kinds of intangible assets.

One of the most important business initiatives in Zacco is to upgrade the technology and processes for building a world-class platform, which will enable Zacco to handle high volumes and large-scale IP portfolios in a cost-efficient and high-quality manner. We will continue investing in this important project, which still affects the cost level and profit, but we firmly believe it will have a long-term upside.

Zacco started the year with continuing to recruit in all regions even though an increased focus on profitability has resulted in a consolidation of the number of staff. In total, Zacco has now than 500 employees in 32 offices in Sweden, Denmark, Norway, Germany, UK and India. Zacco is as always interested in attracting and retaining high-performing consultants.



Management's review - operating review

Development in activities and financial position

Revenue growth in 2019 is 10% in constant currency rates, compared with revenue growth of 12% in 2018 and 10% in 2017.

EBIT full year 2019 was DKK 6.6 million compared to DKK 8.9 million the preceding year. Zacco has been investing in new offices, recruitment of new employees facilitating future growth and profit generation, digital business and the platform. These investments have affected the result and the pace of the investments in most of these areas will going forward be lower with an increased focus on profitability. EBT was DKK 3.2 million compared to DKK 6.1 million the preceding year. Financial net had a negative impact on EBT in 2019 as currency fluctuations (mainly SEK and USD) were DKK -2.0 million in 2019 compared to DKK -1.5 million the preceding year.

2020 objectives

The plan for 2020 was to focus on growing revenues from existing and new customers with our 360° offering. We saw good opportunities for revenue growth and increased profitability. The recent development with the covid-19 situation overturns these opportunities and makes projections for the development of the business extremely hard to assess. It is an unprecedented event and we know for sure that all parts of the economy will be affected, including our clients and thereby Zacco. The exact effects are uncertain but cash flow is going to be an important area of focus for Zacco.

Events after the balance sheet date

Prior to the outbreak of the covid-19, no significant material events have occurred after the end of financial year 2019 and the effects of the outbreak are currently hard to assess.

Intellectual capital

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 150 years, Zacco has a comprehensive network of customer and business partners domestically as well as abroad.

Particular risks

Operating risks

The Company's business area is the provision of consulting services within IP and for this 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 operations.

Financial risks

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.



Management's review - operating review

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.

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 is becoming more and more harmonized, e.g. Unitary Patent, which adds pressure and increases competition as the need of local agencies will be reduced.

The outbreak of covid-19 during the first quarter of 2020 will probably influence the market negatively.

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.

Operating review

In 2019, Zacco has continued to develop the 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 2020.

Management's review - Corporate Social Responsibilities

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's focus areas for corporate social responsibility are environmental and climate issues, human rights, and equal rights for genders.

Business Model

Zacco specializes in protecting all forms of intangible assets; from ideas, visions, data, know-how and trade secrets to intellectual property rights such as patents and trademarks etc. We rely on the four guiding steps: We identify, manage, monitor and enforce when needed". Zacco provides its services with professional staff in Europe as well as India. The customers are to a large extent based in Scandinavia and Germany but also in several other countries. The services are to a large extent delivered in cooperation with a global network of preferred agents.

Environmental and climate matters

Zacco believes that businesses are responsible for achieving good environmental practice and to operate in a sustainable manner. Zacco's risks related to Environment & Climate relates mainly 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. Since 2017 Zacco has established offices in more locations, also outside Europe, and there is a risk that this will result in more travelling and thereby more emissions. It is the ambition of Zacco to limit air travel and instead, as far as possible, hold meetings via phone or video.



Management's review - Corporate Social Responsibilities

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 clients and agents to use electronic communication when communicating with Zacco
- Strive to recycle and possibly reuse electronics 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.

Human rights, employee conditions and social matters

Zacco recognizes the international human rights such as the right to education and the freedom of speech and ensures 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 to Zacco.

As part of recognizing the international human rights, Zacco is committed to supporting 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.

Since 2005, the Star for Life has been active on a large number of schools. In 2019, the program operated in more than 100 schools in South Africa and Namibia and the program reached more than 100.000 pupils. The results achieved during 2019 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.

Zacco has high ambitions with regard to employee conditions, employee benefits for example in connection with long-term illness, and pregnancy should be more generous than the local legislation.

Zacco works proactively to create a good physical and psychological work environment. Several times per year, employee surveys are carried out to measure the employee satisfaction. The participation in these surveys is above 80%. The employee turnover is also measured and analysed in all parts of the Zacco Group. During the last years, the turnover has been stable.

One of the biggest risks to human rights and employee conditions is employee retention and the negative impacts from employees from the working environment. Hence, Zacco has implemented all applicable labour and health and safety laws and strive to present all employees with opportunities and trainings to develop their capabilities and skills.



Management's review - Corporate Social Responsibilities

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. This has been achieved during the last years but following the resignation of one female member this is currently not achieved as only 1 out of 8 board members is female. During the coming years Zacco will strive to increase the female representation through active recruitment of female board members. The goal that at least 25% of the board members should be female is expected to be achieved no later than 2022.

Among managers at all levels in Zacco 38% are women, a proportion that has been increasing during the last years. In recruitment and promotion processes it is Zacco's ambition to further increase the number of female managers. This will be done through stronger encouragement to female employees to apply for management roles.

Zacco will continue to have generous policies with regard to parental leave, flexible working hours and working from home. This gives employees of both genders the possibility to achieve a good work-life balance as well as being important contributors to Zacco's continued success. Between 2018 and 2019 the utilized parental leave has increased by 4%.

Anti-corruption and anti-bribery

The main risks with regard to corruption and bribery are in contacts with government officials in countries where Zacco operates. Since Zacco has limited large-scale procurement the risk for Zacco employees receiving bribes is small.

Zacco presently has no policy with regard to corruption and anti-bribery; as such, a policy is presently being developed and will be decided upon by the Zacco Management Team and communicated to all staff during 2020.



Consolidated financial statements

Income statement 1 January to 31 December

	Note	Group		Parent Company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Revenue	1,2	644.667	598.644	-	92
Cost of sales		-227.560	-203.323	-	-
Other external expenses		-84.267	-76.743	-596	-4.185
Gross profit		332.840	318.578	-596	-4.093
Staff costs	3	-322.763	-306.678	310	1.180
Amortisation and depreciation	4	-3.496	-3.046	-153	-
Result before financial income and expenses		6.581	8.854	-438	-2.913
Result from investments in subsidiaries	5	-	-	3.812	8.056
Financial income	6	7.373	10.263	4.874	4.906
Financial expenses	7	-10.803	-13.000	-6.582	-6.186
Result before tax		3.151	6.117	1.666	3.863
Tax on profit for the year	8	-1.013	-1.334	472	920
Profit / (Loss) for the year	9	2.138	4.783	2.138	4.783



Consolidated financial statements

Balance sheet

Note	Group		Parent Company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Assets				
	2.692	577	-	-
Intangible assets	2.692	577	-	-
Other fixtures and fittings, tools and equipment	5.324	3.355	534	-
Property, plant and equipment	5.324	3.355	534	-
Investments in subsidiaries	-	-	94.746	84.453
Pension asset (net)	3.799	2.629	-	19
Other securities and investments	11	12	-	-
Fixed asset investments	3.811	2.641	94.746	84.472
Fixed assets	11.826	6.573	95.280	84.472
Trade receivables	152.608	139.083	-	-
Contract work in progress	25.733	23.880	-	-
Receivables from group enterprises	-	-	49.093	24.550
Receivables, joint tax contribution	-	-	-	428
Other receivables	3.806	3.462	2.079	912
Income taxes	3.711	3.302	-	-
Deferred tax asset	8.804	8.795	4.648	4.875
Prepayments	8.451	7.835	1.159	828
Receivables	203.112	186.357	56.979	31.593
Cash at bank and in hand	14.649	28.121	3.730	19.263
Total current assets	217.762	214.478	60.708	50.856
Assets	229.588	221.051	155.988	135.328



Consolidated financial statements

Balance sheet

Note	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Equity and liabilities				
Share capital	45.637	44.739	45.637	44.739
Reserve for own equity investments	-	-	-2.234	-843
Retained earnings	65.661	61.656	67.895	62.499
Proposed dividends	-	-	-	-
Equity	111.297	106.395	111.297	106.395
Pension commitments	2.549	2.715	-	-
Other provisions	-	-	6.965	3.703
Provisions	2.549	2.715	6.965	3.703
Credit institutions	-	-	32.134	18.684
Prepayments received from customers	8.352	1.984	-	-
Trade payables	35.207	30.925	935	588
Other payables	72.181	79.032	4.657	5.958
Current liabilities	115.741	111.941	37.726	25.230
Liabilities other than provisions	115.741	111.941	37.726	25.230
Equity and liabilities	229.588	221.051	155.988	135.328
Contractual obligations, contingencies, etc.	19			
Fees to auditors appointed at the General Meeting	20			
Related parties and ownership	21			



Consolidated financial statements

Equity statement

Equity - Group	Share capital	Share premium	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2019	44.739		61.656	106.395
Cash capital increase	898	3.131	-	4.028
Purchase of treasury shares	-	-2.367	-	-2.367
Sale of treasury shares	-	976		976
Transferred to distributable reserves	-	-1.740	1.740	-
Exchange adjust. foreign entities	-	-	-139	-139
Exchange adjust. On profit for the year	-	-	266	266
Profit for the year	-	-	2.138	2.138
Equity at 31 December 2019	45.637	-	65.661	111.297

Equity - Parent company	Share capital	Share premium	Reserve for net revaluation under equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2019	44.739	-	-843	62.499	106.395
Capital increase	898	3.131	-	-	4.028
Transferred to distributable reserves	-	-3.131	-	3.131	-
Purchase of treasury shares	-	-	-2.367	-	-2.367
Sale of treasury shares	-	-	976		976
Exchange adjust. foreign entities	-	-	-139	-	-139
Exchange adjust. On profit for the year	-	-	266	-	266
Profit for the year	-	-	-127	2.265	2.138
Equity at 31 December 2019	45.637	-	-2.234	67.895	111.297



Consolidated financial statements

Cash flow statement 1 January to 31 December

	Note	2019 DKK '000	2018 DKK '000
Profit for the year		2.138	4.783
Adjustments	22	8.122	6.382
Change in working capital	23	-12.704	-7.035
Cash flows from operating activities before net financials		-2.444	4.130
Interest income and similar		7.373	10.263
Interest expenses and similar		-10.803	-13.000
Cash flows from ordinary activities		-5.874	1.393
Paid/repaid Income taxes		-1.431	-332
Cash flows from operating activities		-7.305	1.061
Purchase of Goodwill		-2.971	-
Purchase of property, plant and equipment		-4.661	-771
Increase/decrease in deposits		-1.170	-357
Sale of fixed assets		-1	-4
		-8.804	-1.132
Treasury shares, net		-1.391	2.200
Capital increase		4.028	7.342
Costs regarding capital increase		-	-
Cash flows from financing activities		2.637	9.542
Increase in cash and cash equivalents		-13.472	9.471
Cash and cash equivalents at 1 January		28.121	18.650
Cash and cash equivalents at 31 December		14.649	28.121



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NOTES to Annual report

Accounting policies

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 2019 has been prepared in DKK 1,000.

The accounting policies used in the preparation of the consolidated financial statements and parent company financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Zacco A/S, and subsidiaries in which Zacco A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 7.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.



Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

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 there 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

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises out-of-pocket expenses paid by Danish and foreign employees and charges to public authorities.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

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



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Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.



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 experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Property, plant and equipment

Property, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures, fittings and equipment	3-5 years
Computer, hardware and software	3 years
Leasehold improvements	5 years

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

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.



Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Contract work in progress

Contract work in progress are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

When the selling price of a contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual contract work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash.



Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Pension obligations and provisions

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 the capitalised values.

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.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.



Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.



Financial ratios

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

EBITDA = Earnings before interests, tax, depreciations and amortisations

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

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

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

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

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



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1 Segment reporting

Geographical markets	Group	
	2019	2018
Revenue	DKK '000	DKK '000
Denmark	216.364	202.141
Sweden	255.797	243.163
Norway	110.561	104.044
India	19.093	7.230
Great Britain	1.261	658
Germany	41.592	41.408
Operating activities	644.667	598.644

2 Revenue	Parent Company	
	2019	2018
Geographical markets:	DKK '000	DKK '000
Europe	-	92

3 Employees	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Salaries	263.474	250.883	22.493	23.196
Pensions	19.050	17.503	348	378
Other social security costs	40.239	38.292	1.075	1.075
Allocation to other Group companies	-	-	-24.226	-25.830
	322.763	306.678	-310	-1.180
Remuneration for Executive and Board of Directors	8.392	8.296	8.347	8.251
Average number of employees	490	370	22	23

Incentive schemes

Zacco has per December 31, 2019 in total 3.662.000 call options to employees outstanding. The options give the option holder a right to purchase one (1) share for each option. The exercise prices range from DKK 2,77 - DKK 3,68 and the exercise periods from June 2020 - Dec 2022. The purchase price for the options has been calculated using the Black-Scholes formula to ensure a market price and the strike prices are also based on the prevailing market price plus an annual mark-up. Further details are available in the Appendices of the Articles of Association of the company.



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	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
4 Amortisation, depreciation and write-down				
Goodwill	842	769	-	-
Other fixtures and fittings, tools and equipment	2.655	2.281	153	-
Profit/loss on disposal of fixtures	-1	-4	-	-
	<u>3.496</u>	<u>3.046</u>	<u>153</u>	<u>-</u>

	Parent Company	
	2019	2018
	DKK '000	DKK '000
5 Income from investments in group entities		
Result subsidiaries	4.920	8.736
Amortisation and write-down of goodwill	-842	-769
Exchange adjust. On profit for the year	-266	89
	<u>3.812</u>	<u>8.056</u>

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
6 Financial income				
Interests on cash & bank deposits	359	820	34	478
Interest income from group companies	-	-	1.436	880
Exchange adjustments	7.014	9.443	3.405	3.548
	<u>7.373</u>	<u>10.263</u>	<u>4.874</u>	<u>4.906</u>

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
7 Financial expenses				
Exchange adjustments	9.092	10.929	5.391	4.775
Instruments of debt and credit institutions	677	704	532	679
Interest expenses to group companies	-	-	306	316
Other financial expenses	1.033	1.367	352	416
	<u>10.803</u>	<u>13.000</u>	<u>6.582</u>	<u>6.186</u>



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Notes to the annual report

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
8 Tax on profit for the year				
Current tax for the year	1.610	101	791	-1.535
Deferred tax for the year	-596	1.233	-321	615
Adjustment of tax regarding previous years	-	-	2	-
	<u>1.013</u>	<u>1.334</u>	<u>472</u>	<u>-920</u>

	Parent Company	
	2019	2018
	DKK '000	DKK '000
9 Proposed distribution of profit:		
Retained earnings	2.265	3.914
Reserve for net revaluation according to the equity method	-127	869
	<u>2.138</u>	<u>4.783</u>



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Consolidated financial statements

Notes to the annual report

10 Intangible assets

	Group			
	Goodwill	Development costs	2019 Total	2018 Total
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	18.915	719	19.634	20.350
Exchange adjustment to rate at year-end	-218	-11	-229	-716
Additions for the year	2.971	-	2.971	-
Cost at 31 December	21.668	708	22.376	19.634
Amortisation and write-down at 1 January	18.338	719	19.057	18.949
Exchange adjustment to rate at year-end	-209	-11	-220	-661
Amortisation and write-down for the year	842	-	842	769
Exchange adjust. of amortisation for the year	5	-	5	-0
Amortisation and write-down at 31 December	18.976	708	19.684	19.057
Carrying amount at 31 December	2.692	-	2.692	577
Amortised over max. years	3-10	5	3-10	5-10

11 Property, plant and equipment

	Group	
	2019	2018
	DKK '000	DKK '000
Other fixtures and fittings, tools and equipment		
Cost at 1 January	15.398	14.793
Exchange adjustment to rate at year-end	-93	-166
Additions during the year	4.661	771
Cost at 31 December	19.967	15.398
Depreciation and write-down at 1 January	12.043	9.856
Exchange adjustment to rate at year-end	-78	-89
Depreciation for the year	2.655	2.281
Exchange adjustment of depreciation for the year	23	-5
Depreciation and write-down at 31 December	14.643	12.043
Carrying amount at 31 December	5.324	3.355
Depreciated over max. years	3-5	3-5



Consolidated financial statements

Notes to the annual report

	Parent Company	
	2019	2018
	DKK '000	DKK '000
11 Property, plant and equipment		
Other fixtures and fittings, tools and equipment		
Cost at 1 January	0	0
Additions during the year	687	-
Cost at 31 December	687	0
Depreciation and write-down at 1 January	0	0
Depreciation for the year	153	0
Depreciation and write-down at 31 December	153	0
Carrying amount at 31 December	534	0
Depreciated over max. years	3-5	3-5



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Consolidated financial statements

Notes to the annual report

12 Fixed asset investments

Investments in subsidiaries	Parent Company	
	2019 DKK '000	2018 DKK '000
Cost at 1 January	83.779	83.779
Additions for the year	3.097	0
Cost at 31 December	86.876	83.779
Value adjustments at the beginning of the year	-3.029	-10.190
Exchange rate adjustment	-139	-780
Profit for the year	4.917	8.733
Amortisation and write-down of goodwill	-839	-767
Other adjustments	-4	-25
Value adjustments at 31 December	905	-3.029
Negative investments in subsidiaries moved to provisions	6.965	3.703
Carrying amount at 31 December	94.746	84.453



Consolidated financial statements

Notes to the annual report

12 Fixed asset investments

Investments in subsidiaries can be specified as follows:

Name	Owners hip %	Share capital	Equity DKK '000	Profit before tax DKK '000	Profit for the year DKK '000
Zacco Denmark A/S	100%	TDKK 1.100	40.442	6.957	5.413
Zacco Norway AS	100%	TNOK 1.000	20.740	2.826	2.770
Zacco Sweden AB	100%	TSEK 100	17.666	2.551	48
Cegumark AB	100%	TSEK 360	979	103	80
Zacco Germany GmbH	100%	TEUR 26	10.549	-1.548	-1.548
Zacco Innovation Technology Oresund A/S	100%	TDKK 500	-6.376	-4.124	-3.220
Zacco Innovation Technology Stockholm AB	100%	TSEK 50	32	-1.572	38
Zacco Innovation Technology Göteborg AB	100%	TSEK 50	4	-744	44
Zacco Innovation Technology Öresund AB	100%	TSEK 50	56	1.017	11
Zacco DTI AB	100%	TSEK 50	35	-751	-1
Zacco Innovation Technology Norway AS	100%	TNOK 50	-34	63	63
Zacco UK Ltd	100%	TGBP 5	-555	-119	-120
Zacco India R&D Private Limited	100%	TINR 12.420	3.371	873	471
Zacco Cyber Security Research labs Private Ltd	100%	TINR 50	873	868	868
			87.781	6.401	4.917
Amortisation and write-down of goodwill				-839	-839
Negative investments in subsidiaries moved to provisions			6.965		
			94.746	5.562	4.078



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Notes to the annual report

12 Fixed asset investments	Other securities and investments	
	Deposits	investments
Group	DKK '000	DKK '000
Cost at 1 January 2019	2.272	12
Additions during the year	1.527	-1
Carrying amount at 31 December	3.799	11

13 Contract work in progress	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Work in progress	25.733	23.880	-	-
Prepayments received	-8.352	-1.984	-	-
	17.381	21.896	-	-

14 Deferred tax asset	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Property, plant and equipment	296	309	8	-
Trade receivables	295	234	-	-
Work in progress	-383	-346	-	-
Pension asset (net)	383	678	-	-
Accrued costs	2.872	409	143	-
Tax losses carryforward	5.340	7.511	4.497	4.875
	8.804	8.795	4.648	4.875

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



Consolidated financial statements

Notes to the annual report

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
15 Cash and cash equivalents				
The total cash and cash equivalents are distributed as follows:				
Available cash and cash equivalents	11.188	25.810	3.730	19.263
Cash and cash equivalents tied up	3.461	2.311	-	-
	14.649	28.121	3.730	19.263

16 Equity

The share capital consists of 91.272.991 shares of nominally DKK 0,5. No shares have special rights. The company has issued 1.795.000 shares in 2019 of which 1.795.000 through exercise of options.

Specification of changes in share capital:

	2019	2018	2017	2016	2015
	1.000	1.000	1.000	1.000	1.000
No of shares at 1 January	89.477	86.697	83.055	73.996	72.627
Share emissions	1.795	2.780	3.642	9.059	1.369
	91.272	89.477	86.697	83.055	73.996

The company has 851.097 treasury shares of nominally 0.5 DKK, which is 0.9% of the share capital. During 2019 the company has acquired 836.555 shares from former and current employees and 345.000 shares has been sold to employees.

17 Other provisions

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



Consolidated financial statements

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	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Credit institutions				
Within 1 year	-	-	32.134	18.684
	-	-	32.134	18.684

19 Contractual obligations, contingencies, etc.

Lease commitments from operating lease.

Total future rental and lease payments:

	Group	
	2019	2018
	DKK '000	DKK '000
Within 1 year	26.326	23.068
Between 1 and 5 years	46.044	45.522
After five years	366	0
	72.736	68.590

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.

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 Letter of Support in favour of Zacco Innovation Technology Oresund A/S and Zacco UK Ltd. The guarantee will be in force until the annual general meeting in 2021.

The Company is jointly taxed with Zacco Denmark A/S and Zacco Innovation Technology Oresund A/S, and are severally liable for payment of tax on the Group's jointly taxed income. The total amount appears from the Annual Report of Zacco A/S, which acts as the management company in respect of the joint taxation.



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	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
20 Fee to auditors appointed by the General Meeting				
Audit fees	629	601	161	179
Other statements and reports	12	-	-	15
Income taxes	36	29	16	-
Other services	45	47	7	37
	722	677	184	231

21 Related parties and ownership

Controlling influence

No related parties have a controlling interest.

Other related parties

	2019	2018
	DKK '000	DKK '000
Sale of services to subsidiaries	68.644	61.891
Purchase of service from subsidiaries	-26.456	-25.871
	42.188	36.020

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 3.

Transactions with group entities are eliminated in the consolidated financial statements in accordance with Zacco Group's Accounting Policies.

The company's balances with group entities at 31 December 2019 are recognised in the balance sheet. Interest income and expenses with respect to the group enterprises are disclosed in note 6 and 7. Further, balances with group enterprises comprise trade balances related to purchase and sale of services.

Sale of services to group enterprises consists of Group services, e.g. Group management, financial services, HR, marketing, IT etc.

No transactions have been carried out to the Board of Directors, the Executive Management, senior employees, major shareholders or other related parties, apart from ordinary remuneration.



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22 Cash flow statement - adjustments

	Group	
	2019	2018
	DKK '000	DKK '000
Financial income	-7.373	-10.263
Financial expenses	10.803	13.000
Amortisation, depreciation and write-down for the year	3.496	3.046
Tax on profit for the year	1.013	1.334
Other adjustments	183	-735
	8.122	6.382

23 Cash flow statement - working capital changes

	Group	
	2019	2018
	DKK '000	DKK '000
Change in receivables	-16.338	-27.542
Change in trade payables, other payables, etc	3.634	20.507
	-12.704	-7.035

