

Ciklum ApS

Fruebjergvej 3
2100 København Ø
Denmark

CVR no. 26 76 86 24

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting

On June 27 2019

DocuSigned by:

James Dalziel

chairman of the annual general meeting

James Martin Dalziel

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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 Ciklum ApS for the financial year 1 January – 31 December 2018.

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 2018 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 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities 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.

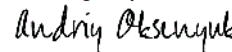
Copenhagen, June 27 2019

Executive Board:

DocuSigned by:

C4E390CF6879460...
Arne Djernæs Hansen

DocuSigned by:

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James Dalziel

DocuSigned by:

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Andrii Okseniuk

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Independent auditor's report

To the shareholders of Ciklum ApS

Qualified opinion

We have audited the consolidated financial statements and the parent company financial statements of Ciklum ApS for the financial year 1 January – 31 December 2018 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying 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 2018 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 2018 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

As described in the Management's Review section "Material uncertainty regarding recognition and measurement" and Note 21 to the financial statements, the Danish tax authorities are currently performing a tax audit for the income year 2013. In May 2019, the Company received a proposed ruling from the Danish tax authorities for an increase in the taxable income for 2013 of an amount which may potentially result in additional tax payments which can have a significant impact on the Company's result, financial position and the company's ability to continue its operations.

We have not been able to obtain sufficient justification and documentation to assess the transactions which according to the Danish tax authorities have not been reported in the tax return in accordance with Danish tax rules. Due to this we have not been able to obtain sufficient and appropriate audit evidence necessary to determine whether adjustments might have been found necessary in respect of income tax expenses and balances, and whether it is appropriate to recognise a provision or a contingent liability in the financial statements for 2018.

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 qualified opinion.

Emphasis of Matter – Material uncertainty regarding recognition and measurement

We draw attention to Note 21 of the financial statements, which describes a material uncertainty regarding recognition and measurement contingent liability related to the proposed ruling from the Danish tax authorities.

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Independent auditor's report

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 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.

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Independent auditor's report

- 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.

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.

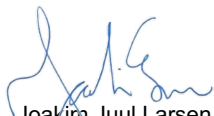
Based on the work we have performed, we, except for the potential impact on the Management's review from the matter described above in the section "Basis for qualified opinion", conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial 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, June 27 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Joakim Juul Larsen
State Authorised
Public Accountant
mne32803

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Management's review

Company details

Ciklum ApS
Østerbrogade 125
2100 København
Denmark

Telephone: +45 70 27 80 90
Website: www.ciklum.com

CVR no. 26 76 86 24
Established: 6 September 2002
Registered office: Copenhagen
Financial year: 1 January – 31 December

Executive Board

Arne Djernæs Hansen
James Dalziel
Andrii Okseniuk

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on June 27 2019.

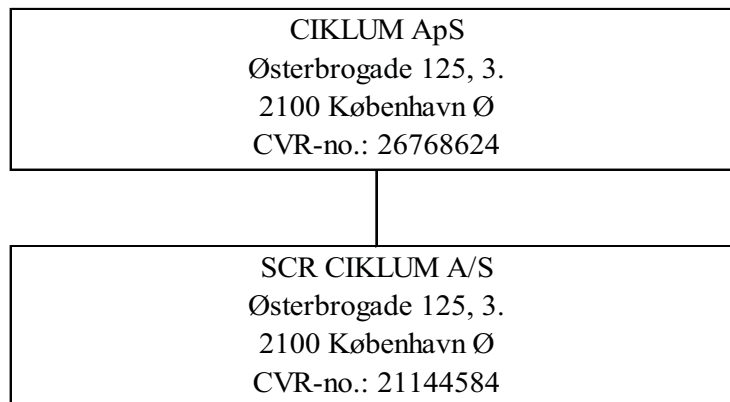
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Management's review

Group chart



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Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Gross profit	8,992	14,989	14,953	14,419	11,344
Ordinary operating profit	2,702	9,057	8,282	5,745	2,576
Profit/loss from financial income and ex- penses	597	-2,184	-3,203	879	-225
Profit for the year	2,555	5,170	3,814	-2,916	1,656
Total assets	34,021	29,664	27,714	57,543	56,554
Equity	22,546	19,991	14,822	11,008	13,924
Return on equity	12.0%	29.7%	29.5%	-23.4%	12.6%
Solvency ratio	66.3%	67.4%	53.5%	19.1%	24.6%

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:

Return on equity

$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

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Management's review

The Group's principal activities

The Group's principal activities are delivering IT services, facilitation and servicing of Danish and foreign software and other companies.

Development in activities and financial position

In 2018, the Group and the Parent Company realised a profit before tax of DKK 3,299 thousand and a profit before tax of DKK 2,810 thousand respectively.

Drop in margins in 2018 is mostly caused by overall Ciklum Group operating results deterioration.

Total equity in the Group has increased to DKK 22,546 thousand whilst total equity in the Parent Company has increased to DKK 21,249 thousand.

Expectations for the coming year

Management expects improved earnings in 2019 and the coming years.

Special risks – operating risks and financial risks

The Group is not exposed to any specific business or financial risks. The Group's main business risks are associated with market developments and the competitive situation in the market.

The clients of the Group primarily operate within the IT sector. Therefore, the Group has no financial challenges besides the ones posed by the financial climate in general.

Material uncertainty regarding recognition and measurement

As mentioned in the events after balance sheet date, in April 2019, the Danish Tax Authorities have proposed to increase the Company's taxable income for 2013 with an amount that potentially can result in additional tax payments and can have a significant impact on the Company's results and financial position. Management does not agree with the Tax Authorities and will opine the proposal as believes that the Company properly classified transactions in question for tax purposes taking into account intragroup flows and companies functions and risks. Management's assessment is that significant additional tax payments are not likely and the probability of the risk is possible to remote (Note 16 Contractual obligations, contingencies, etc.)

As the outcome of the matter is uncertain and potentially can be significant there is a material uncertainty related to the accounting treatment and we express

Intellectual capital

The Group's services are based on the Group's focus on attracting skilled IT staff as well as retaining and developing the Group's key staff.

Environmental matters

The Group's operations do not have a significant impact on the external environment.

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Events after the balance sheet date

After the balance sheet date, in April 2019, the Danish Tax Authorities have proposed, as part of an ongoing tax audit, to increase the Company's taxable income for 2013 with an amount that potentially can result in additional tax payments and can have a significant impact on the Company's results and financial position.

Apart from the above there have not been further events after the balance sheet date that have substantial impact on the Group's financial position that have not been incorporated in the financial statements.

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Income statement

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
Gross profit		8,992	14,989	8,891	14,750
Staff Costs	2	-5,709	-5,343	-5,709	-5,343
Depreciation, amortisation and impairment losses		-581	-589	-580	-551
Operating profit/loss		2,702	9,057	2,602	8,856
Other financial income	3	999	413	610	197
Other financial expenses	4	-402	-2,597	-402	-2,596
Profit before tax		3,299	6,873	2,810	6,457
Tax on profit/loss for the year	5	-744	-1,703	-636	-1,611
Profit for the year	6	<u>2,555</u>	<u>5,170</u>	<u>2,174</u>	<u>4,846</u>

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Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
ASSETS					
Fixed assets					
Intangible assets	7				
Patents, licences and trademarks		504	645	504	645
		504	645	504	645
Property, plant and equipment	8				
Fixtures and fittings, tools and equipment		32	66	32	65
		32	66	32	65
Investments					
Equity investments in group entities	9	0	0	7,483	7,483
		0	0	7,483	7,483
Total fixed assets		536	711	8,019	8,193
Current assets					
Receivables					
Trade receivables		6,855	8,288	6,856	8,040
Contract work in progress	10	4,323	1,870	4,323	1,870
Receivables from group entities		21,606	18,050	18,827	15,461
Other receivables		178	174	178	243
Prepayments and accrued income	11	153	88	153	88
		33,115	28,470	30,337	25,702
Cash at bank and in hand		370	483	359	369
Total current assets		33,485	28,953	30,696	26,071
TOTAL ASSETS		34,021	29,664	38,715	34,264

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Balance sheet

DKK'000	Note	Group		Parent Company	
		2018	2017	2018	2017
EQUITY AND LIABILITIES					
Equity					
Share capital	12	1,700	1,700	1,700	1,700
Retained earnings		20,846	18,291	19,549	17,375
Total equity		22,546	19,991	21,249	19,075
Provisions					
Provisions for deferred tax	13	63	84	75	98
Total provisions		63	84	75	98
Liabilities other than provisions					
Current liabilities other than provisions					
Prepayments received from customers		79	36	79	36
Payables to group entities		574	568	6,742	6,532
Trade payables		1,184	681	1,165	317
Corporation tax		153	1,246	46	1,148
Other payables	14	4,930	2,795	4,867	2,795
Deferred income	15	4,492	4,263	4,492	4,263
		11,412	9,589	17,391	15,091
Total liabilities other than provisions		11,412	9,589	17,391	15,091
TOTAL EQUITY AND LIABILITIES		34,021	29,664	38,715	34,264
Contractual obligations, contingencies, etc.					
	16				
Mortgages and collateral	17				
Related parties	18				
Changes in short-term receivables	19				
Changes in short-term liabilities	20				

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Statement of changes in equity

	Group			
DKK'000	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	1,700	18,291	0	19,991
Transferred over the profit appropriation	0	2,555	0	2,555
Equity at 31 December 2018	1,700	20,846	0	22,546

	Parent Company			
DKK'000	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	1,700	17,375	0	19,075
Transferred over the profit appropriation	0	2,174	0	2,174
Equity at 31 December 2018	1,700	19,549	0	21,249

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Cash flow statement for the Group

DKK'000	Note	Group	
		2018	2017
Profit for the year		2,555	5,170
Reversal of depreciation and amortisation for the year		581	589
Reversal of unpaid tax expense		744	1,703
Corporation tax paid		-1,860	-1,594
Changes in short-term receivables	19	-4,645	-3,729
Changes in short-term liabilities (other than bank, tax and dividends)	20	2,918	-3,091
Cash flows from operating activities		293	-952
Acquisition of intangible assets		-389	-45
Acquisition of property, plant and equipment		-17	-31
Cash flows from investing activities		-406	-76
Changes in cash flows		-113	-1,028
Cash at 1 January		483	1,511
Cash at 31 December		370	483
Cash at 31 December, specification:			
Cash at bank and in hand		370	483
Cash and cash equivalents at year end		370	483

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Notes

1 Accounting policies

The annual report of Ciklum ApS for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Ciklum ApS, and the subsidiary, SCR Ciklum A/S.

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

The equity investment in the subsidiary is set off against the proportionate share of the subsidiary's fair value of net assets and liabilities at the date of acquisition.

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.

Income statement

Gross profit

Gross profit includes revenue, cost of materials and consumables as well as other external costs.

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Revenue from the sale of services, comprising fees charged for supplying the Company's consultants and infrastructure to its customers' software projects, is recognised in the income statement as the services are provided. Services based on time spent are recognised in revenue as the work is performed.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year, mainly represented by the purchased services.

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1 Accounting policies (continued)

Other external costs

Other external costs comprise costs related to distribution, sales, bad debt, office premises, etc.

Staff costs

Staff costs comprise wages and salaries, remuneration and emoluments, pensions and other staff costs related to the Company's employees, including the Executive Board.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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. To the extent that the dividends exceed the accumulated earnings after the acquisition date, the dividends are recognised as a reduction of the cost of the equity investment.

Tax on profit 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 tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Acquired rights are amortised on a straight-line basis over the useful life of the asset which normally is 5 years.

Gains and losses on the disposal of intangible assets are determined 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.

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1 Accounting policies (continued)

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements 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.

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 and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

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.

Investments

Equity investments in group entities are measured at cost. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

Impairment of non-current 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.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. 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 work. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual work.

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1 Accounting policies (continued)

Prepayments

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

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

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 measured on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, 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.

Provisions

Provisions comprise anticipated costs and warranty obligations. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value if the obligation is expected to be settled in the distant future.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. 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.

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1 Accounting policies (continued)

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.

Cash flows from operating activities

Cash flows from operating activities are calculated as the 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 payments relating to increases or reductions in capital and related costs as well as payment of dividends to shareholders and raising and repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

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Notes

	Group		Parent Company	
	2018	2017	2018	2017
DKK'000				
2 Staff costs				
Wages and salaries	5,670	5,307	5,670	5,307
Pensions	30	28	30	28
Other social security costs	9	8	9	8
	<u>5,709</u>	<u>5,343</u>	<u>5,709</u>	<u>5,343</u>
Average number of full-time employees	<u>9</u>	<u>10</u>	<u>9</u>	<u>10</u>
Remuneration of the Company's Executive Board is not disclosed pursuant to section 98b(3)(ii) of the Danish Financial Statements Act.				
3 Other financial income				
Interest income from group entities	267	284	68	68
Foreign exchange gain	531	0	531	0
Other financial income	201	129	11	129
	<u>999</u>	<u>413</u>	<u>610</u>	<u>197</u>
4 Other financial expenses				
Interest expense to the group entity	32	32	32	32
Foreign exchange loss	0	2,129	0	2,129
Other financial expense	370	436	370	435
	<u>402</u>	<u>2,597</u>	<u>402</u>	<u>2,596</u>
5 Tax on profit for the year				
Current tax for the year	765	1,599	659	1,501
Deferred tax adjustment for the year	-21	-56	-23	-50
Adjustment in tax, prior years	0	160	0	160
	<u>744</u>	<u>1,703</u>	<u>636</u>	<u>1,611</u>
6 Proposed profit appropriation				
Transferred to retained earnings	2,555	5,170	2,174	4,846
	<u>2,555</u>	<u>5,170</u>	<u>2,174</u>	<u>4,846</u>

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7 Intangible assets

	Group and Parent Company		
	Licences and software	Development projects in progress and prepayments	Total
DKK'000			
Cost at 1 January 2018	2,356	193	2,549
Additions	389	0	389
Cost at 31 December 2018	2,745	193	2,938
Amortisation at 1 January 2018	-1,711	-193	-1,904
Amortisation	-530	0	-530
Amortisation at 31 December 2018	-2,241	-193	-2,434
Carrying amount at 31 December 2018	504	0	504

8 Property, plant and equipment

	Group		
	Leasehold improvements	Fixtures and fittings, tools and equipment	Total
DKK'000			
Cost at 1 January 2018	176	1,499	1,675
Additions	0	17	17
Cost at 31 December 2018	176	1,516	1,692
Depreciation at 1 January 2018	-176	-1,433	-1,609
Depreciation	0	-51	-51
Depreciation at 31 December 2018	-176	-1,484	-1,660
Carrying amount at 31 December 2018	0	32	32

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8 Property, plant and equipment (continued)

	Parent Company		
	Leasehold improve- ments	Fixtures and fittings, tools and equipment	Total
DKK'000			
Cost at 1 January 2018	65	1,018	1,083
Additions	0	17	17
Cost at 31 December 2018	65	1,035	1,100
Depreciation at 1 January 2018	-65	-953	-1,018
Depreciation	0	-50	-50
Depreciation at 31 December 2018	-65	-1,003	-1,068
Carrying amount at 31 December 2018	0	32	32

9 Equity investments in group entities

	Parent Company	
	2018	2017
DKK'000		
Cost at 1 January 2018	7,483	7,483
Cost at 31 December 2018	7,483	7,483
Carrying amount at 31 December 2018	7,483	7,483

Name/legal form	Registered office	Voting rights and owner- ship in- terest	Equity	Profit for the year
			DKK'000	DKK'000
SCR CIKLUM A/S, CVR no.: 21 14 45 84	Copenhagen	100%	8,782	380

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	Group		Parent Company	
	2018	2017	2018	2017
DKK'000				
10 Contract work in progress				
Selling price of work performed	4,323	1,870	4,323	1,870
Progress billings	-79	-36	-79	-36
	<u>4,244</u>	<u>1,834</u>	<u>4,244</u>	<u>1,834</u>
recognised as follows:				
Contract work in progress (assets)	4,323	1,870	4,323	1,870
Contract work in progress (liabilities)	-79	-36	-79	-36
	<u>4,244</u>	<u>1,834</u>	<u>4,244</u>	<u>1,834</u>

11 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums and subscriptions.

12 Share Capital

The share capital consists of 1,700,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	Group		Parent Company	
	2018	2017	2018	2017
DKK'000				
13 Deferred tax				
Deferred tax at 1 January	84	140	98	148
Deferred tax adjustment for the year	(21)	-56	(23)	-50
	<u>63</u>	<u>84</u>	<u>75</u>	<u>98</u>
14 Other payables				
VAT	3,117	2,898	3,054	2,898
Other payables	1,813	-103	1,813	-103
	<u>4,930</u>	<u>2,795</u>	<u>4,867</u>	<u>2,795</u>

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15 Deferred income

Deferred income of DKK 4,492 thousand (2017: DKK 4,263 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

16 Contractual obligations, contingencies, etc.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT.

In April 2019, the Danish Tax Authorities have proposed, as part of an ongoing tax audit, to increase the Company's taxable income for 2013 with an amount that potentially can result in additional tax payments that can have a significant impact on the Company's financial position. Management does not agree with the Tax Authorities and will opine the proposal as believes that the Company properly classified transactions in question for tax purposes taking into account intragroup flows and companies functions and risks. The management believes that it has an assured position with the numerous supporting materials and will be able to successfully defend it. The management's assessment is that significant additional tax payments are not likely.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 236 thousand within 6 months (2017: DKK 473 thousand).

17 Mortgages and collateral

As security for Ciklum ApS' credit facilities from Jyske Bank A/S, Ciklum ApS has issued a letter of indemnity for a maximum of DKK 16,000 thousand for the mortgage on the Company's goodwill, domain names and rights and unsecured receivables arising from the sale of goods and services.

18 Related party disclosures

Ciklum ApS' related parties with significant influence comprise the following.

Immediate parent of the Group is Ciklum Holding UK Ltd., 2 Stone Buildings, London, United Kingdom, WC2A 3TH.

As at 31 December 2018 and 31 December 2017, the Group was under joint control by Mr. Torben Majgaard and Soros Fund Management. Subsequent to the reporting period end, in January 2019, Soros Fund Management has become the ultimate controlling party of the Group.

Related party transactions

DKK'000	2018
Group	
Purchase from sister companies	211,535
Finance expense to sister companies	32
Finance income from sister companies	(267)
	<u>211,300</u>

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Parent company

Purchase from sister companies	211,535
Finance expense to sister companies	32
Finance income from sister companies	(68)
	<u>211,499</u>

Payables to associates and subsidiaries are disclosed in the balance sheet, and expensed interest is disclosed in notes 3 and 4.

	2018	Group – 2017
DKK'000		
19 Changes in short term receivables		
Trade receivables	1,433	774
Contract work in progress	-2,453	1,134
Receivables from group entities	-3,556	-6,160
Other receivables	-4	516
Prepayments and accrued income	-65	7
	<u>4,645</u>	<u>-3,729</u>
20 Changes in short-term liabilities		
Prepayments received from customers	43	-478
Trade payables	503	-1,821
Payables to group entities	8	357
Other payables	2,135	-2,009
Deferred income	229	860
	<u>2,918</u>	<u>-3,091</u>

21 Material uncertainty related to recognition and measurement

We refer to description in the Management's Review regarding material uncertainty relating to the recognition and measurement of the potential outcome of the ongoing tax audit.