

Elsevier A/S

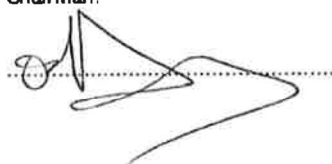
Niels Jernes Vej 10, 9220 Aalborg Øst

CVR no. 26 83 55 26

Annual report 2017

Approved at the Company's annual general meeting on 4 July 2018

Chairman:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Building a better
working world



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes to the financial statements	10

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Elsevier A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

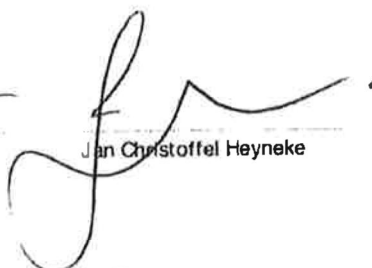
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Aalborg, 4 July 2018
Executive Board:



Joris Rogier Adriaan Vlugs

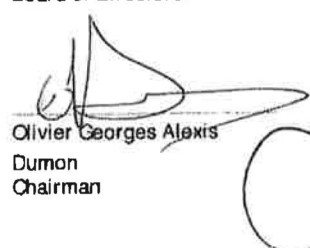


Jan Christoffel Heyneke

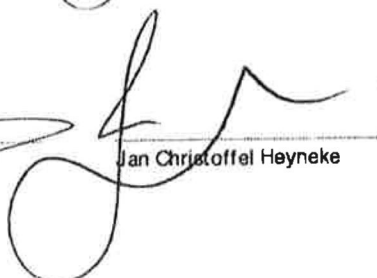


Sandra Skærup Højlund
Kragh-Hansen

Board of Directors:



Olivier Georges Alexis
Dumon
Chairman



Jan Christoffel Heyneke



Laura Claire Crespi

Independent auditor's report

To the shareholders of Elsevier A/S

Opinion

We have audited the financial statements of Elsevier A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the 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 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 financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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.

Aarhus, 4 July 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lone Nørgaard Eskildsen
State Authorised Public Accountant
MNE no.: mne32085



Management's review

Company details

Name	Elsevier A/S
Address, Postal code, City	Niels Jernes Vej 10, 9220 Aalborg Øst
CVR no.	26 83 55 26
Established	21 October 2002
Registered office	Aalborg
Financial year	1 January - 31 December
Board of Directors	Olivier Georges Alexis Dumon, Chairman Jan Christoffel Heyneke Laura Claire Crespi
Executive Board	Joris Rogier Adriaan Vlug Jan Christoffel Heyneke Sandra Skærup Højlund Kragh-Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management commentary

Business review

The purpose of the Company is to provide IT consulting services, primarily focusing on the integration as well as all business areas related accordingly hereto.

Financial review

The income statement for 2017 shows a profit of DKK 23,075 thousand against a profit of DKK 14,187 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 41,692 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Gross margin	65,770	49,762
2	Staff costs	-30,954	-31,620
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,843	-71
	Profit before net financials	30,973	18,071
3	Financial expenses	-1,361	-267
	Profit before tax	29,612	17,804
4	Tax for the year	-6,537	-3,617
	Profit for the year	23,075	14,187
Recommended appropriation of profit		23,075	14,187
Retained earnings		23,075	14,187



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	33,945	37,717
		33,945	37,717
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	24	95
		24	95
	Total fixed assets	33,969	37,812
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	30,908	11,173
	Other receivables	1,759	0
	Prepayments	492	492
		33,159	11,665
	Cash	2,395	666
	Total non-fixed assets	35,554	12,331
	TOTAL ASSETS	69,523	50,143



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	526	526
	Retained earnings	41,166	18,091
	Total equity	41,692	18,617
	Provisions		
	Deferred tax	1,378	1,179
	Total provisions	1,378	1,179
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	533	550
	Payables to group enterprises	4,317	15,497
	Corporation tax payable	6,211	2,738
	Other payables	4,672	5,528
	Deferred income	10,720	6,034
		26,453	30,347
	Total liabilities other than provisions	26,453	30,347
	TOTAL EQUITY AND LIABILITIES	69,523	50,143

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2017	526	18,091	18,617
Transfer through appropriation of profit	0	23,075	23,075
Equity at 31 December 2017	526	41,166	41,692

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Elsevier A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000		2017	2016
2	Staff costs		
	Wages/salaries	29,029	29,598
	Pensions	711	1,411
	Other social security costs	1,214	611
		<u>30,954</u>	<u>31,620</u>
	Average number of full-time employees	<u>56</u>	<u>53</u>
3	Financial expenses		
	Other financial expenses	1,361	267
		<u>1,361</u>	<u>267</u>
4	Tax for the year		
	Estimated tax charge for the year	6,211	2,738
	Deferred tax adjustments in the year	318	1,179
	Tax adjustments, prior years	8	-300
		<u>6,537</u>	<u>3,617</u>
5	Intangible assets		
	DKK'000		Acquired intangible assets
	Cost at 1 January 2017		<u>37,717</u>
	Cost at 31 December 2017		<u>37,717</u>
	Impairment losses and amortisation at 1 January 2017		0
	Amortisation for the year		<u>3,772</u>
	Impairment losses and amortisation at 31 December 2017		<u>3,772</u>
	Carrying amount at 31 December 2017		<u>33,945</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2017	213
Cost at 31 December 2017	213
Revaluations at 1 January 2017	0
Revaluations at 31 December 2017	0
Impairment losses and depreciation at 1 January 2017	118
Depreciation	71
Impairment losses and depreciation at 31 December 2017	189
Carrying amount at 31 December 2017	24

7 Share capital

The Company's share capital has remained DKK 526 thousand over the past 6 years.

8 Contractual obligations and contingencies, etc.

Other financial obligations

Rent liabilities include a rent obligation totalling DKK 1,312,000 in interminable rent agreements up to 31 October 2018 and hereafter with 6 months' notice.

9 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

10 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
AGRM Solutions CV	Radarweg 29 1043 NX Amsterdam The Netherlands