Conscia A/S

Kirkebjerg Parkvej 9, 2., DK-2605 Brøndby

Annual Report for 1 October 2017 - 30 September 2018

CVR No 27 12 65 02

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/02 2019

Søren Bech Justesen
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Conscia A/S for the financial year 1 October 2017 - 30 September 2018.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2018 of the Company and of the results of the Company operations for 2017/18.

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

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

Brøndby, 26 February 2019

Executive Board

Peter Rafn
CEO

Board of Directors

Claus Thorsgaard Chairman	Søren Bech Justesen	Peter Rafn

Independent Auditor's Report

To the Shareholder of Conscia A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2018 and of the results of the Company's operations for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Conscia A/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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

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

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

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

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

Independent Auditor's Report

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

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

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

Hellerup, 26 February 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen	Thomas Baunkjær Andersen
statsautoriseret revisor	statsautoriseret revisor
mne28705	mne35483

Company Information

The Company	Conscia A/S Kirkebjerg Parkvej 9, 2. DK-2605 Brøndby CVR No: 27 12 65 02 Financial period: 1 October - 30 September Financial year: 15th financial year Municipality of reg. office: Brøndby
Board of Directors	Claus Thorsgaard, Chairman Søren Bech Justesen Peter Rafn
Executive Board	Peter Rafn
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2017/18 TDKK	2016/17 TDKK	2015/16 TDKK	2014/15 TDKK	2013/14 TDKK
Key figures					
Profit/loss					
Revenue	718,566	758,956	701,436	753,611	553,933
Gross profit/loss	184,332	191,537	175,195	163,491	129,580
EBITDA	76,798	91,052	84,951	88,954	63,338
EBITDA normalized*	79,499	91,052	85,221	88,954	63,338
EBITA	74,862	88,055	83,430	87,947	62,445
Operating profit/loss	71,368	86,283	84,951	88,954	63,338
Profit/loss before financial income and expenses	71,368	86,283	82,231	88,552	61,693
Net financials	4,909	3,127	1,933	767	56
Net profit/loss for the year	58,719	69,250	65,350	67,883	46,402
Balance sheet					
Balance sheet total	357,872	294,816	217,999	328,432	194,893
Equity	128,358	125,690	56,627	99,536	32,902
Investment in property, plant and equipment	1,457	1,799	3,670	919	430
Number of employees	114	101	87	74	64
Ratios					
Gross margin	25.7%	25.2%	25.0%	21.7%	23.4%
Profit margin	9.9%	11.4%	11.7%	11.8%	11.1%
Return on assets	19.9%	29.3%	37.7%	27.0%	31.7%
Solvency ratio	35.9%	42.6%	26.0%	30.3%	16.9%
Return on equity	46.2%	76.0%	83.7%	102.5%	191.7%
EBITDA ratio	10.7%	12.0%	12.1%	11.8%	11.4%
EBITDA normalized ratio	11.1%	12.0%	12.1%	11.8%	11.4%
EBITA ratio	10.4%	11.6%	11.9%	11.7%	11.3%

For definitions, see under accounting policies.

* Normalized EBITDA is adjusted for external costs related to acquisitions, legal restructuring and internal restructuring.

Management's Review

The significant activities of company

Conscia A/S (Conscia) provides IT solutions, consultancy and services to some of the largest private enterprises and public-sector organizations in Denmark. The technological areas of focus are network infrastructure, data center, mobility and security, and the solutions are based primarily on Cisco technology. Conscia also offers its unique, Cisco-awarded service concept CNS (Conscia Network Services) and other services that give customers direct access to highly certified consultants, fast troubleshooting and stable operation.

Conscia is a Cisco certified Gold Partner and in addition, Conscia has partnerships with other vendors such as AVI Networks, Citrix, VmWare, EMC, VCE, Tenable, vAmour, Veeam, and MobileIron. In February 2018, Conscia achieved the Lifecycle Advisor Partner certification as one of the first partners in the world and in September 2018 Conscia passed the audit for the Cisco Master Networking Specialization as second partner worldwide.

At Cisco Partner Summit, November 2018 in Las Vegas, Conscia was awarded as the EMEAR North Customer Experience Partner of the Year 2017/18. In addition, Conscia achieved several Danish awards for the focus and engagement in the Enterprise Networking and Security Architecture, as well as the efforts in the Enterprise Segment.

Cisco invited Conscia to join the Enterprise Networking & Mobility Village at Cisco Live in Orlando, 2018, and introduced Conscia as a partner in Business & Network Intent APIs. The exposure gave Conscia the opportunity to present a small custom innovation application, the Reporting App for Cisco DNA Center Platform for a huge number of international Cisco customers.

Development in activities and financial matters

During 2017/18 Conscia has experienced a significant increase in new customers and gained further market shares in all segments and technologies.

Conscia A/S's EBITDA normalized for 2017/2018 amounts to DKK 79,5 million compared to DKK 91,1 million for the same period in 2016/2017. Management considers the results for the year satisfactory.

Corporate Governance

Employees and organization

The employees and their high focus on competencies and skills create the foundation of the company.

In general, the employees are meant to experience an open and unprejudiced culture where the individual can use his or her skills in the best possible way, regardless of gender, age and ethnic background. Both women and men have the same opportunities for careers and leadership positions.

Conscia's overall policy is to employ or promote the best suitable persons no matter of gender. Traditionally, the leading positions within the business are over-represented by men just as applications for new positions are primarily received from men and this complicates the work towards gender balance.

Management’s Review

Conscia’s policy in relation to the under-represented gender is reassessed on an ongoing basis in order to create a basis for increasing the gender equality.

As of 30 September 2018, Conscia A/S represents 110 employees, which is a decrease of 4 employees since same time last year.

The board consists of 3 people that are all men. It is Conscia’s aim that at least one member must be from the under-represented gender in 2020. As a consequence of business conditions, the target is not yet fulfilled.

It is the management's aim to increase the number of female leaders in Conscia through interviews, development programs, training etc. As of 30 September, the Leadership team in Conscia consist of one member from the under-represented gender (13%), which is one more than last year. Onwards, Conscia will continue to work dedicated on having both male and female candidates in the recruiting process for management positions.

Social responsibility

Conscia bases its business development on combining financial performance with socially responsible behaviour and environmental awareness. Conscia complies with applicable legislation, local as well as international, and in 2017 Conscia joined the UN Global Compact. As a natural part of our commitment to the UN Global Compact, Conscia has developed policies for the ethical conduct of the business.

Concerning technology, Conscia operates with WEEE Compliant Cisco hardware, which means that returned equipment will be sent to Cisco, and that Cisco will secure a reasonable handling of the hardware.

Conscia is focused on health and job satisfaction across the company and ensures that a healthy and safe working environment in accordance with current legislation is provided.

Conscia does not generate higher levels of direct pollution or emissions than the norm in the IT consultancy business. In 2018 Conscia has continued its effort to minimize the environmental implications of transportation between our offices by using telephone and video conference equipment to the extent possible.

Conscia supports all human rights within national laws as well as international laws. We strive to make the world a better place, and we acknowledge the importance of supporting the local community as well as helping in a larger perspective.

Conscia contributes to “Børnenes IT Fond”, “Save the Children Denmark” and “Red Cross”.
On top of supporting national and international organizations, – Conscia also cooperates with several other businesses in strengthening the local society on an educational and environmental level. Moreover, Conscia is engaging with the IGU program (“Integrationsuddannelsen” in Danish). As of 30 September, Conscia has one employee from the program engaged.

Management's Review

In order to support the data protection for individuals within the European Union, Conscia has implemented the required IT measures internally to meet the EU GDPR standards, which was a requirement by EU May 25, 2018.

Conscia has an anti-corruption and anti-bribery policy in all affiliates and countries, as we do not accept corruption and bribery practice in any shape or form in our business. We expect the same from our suppliers.

Moreover, Conscia has introduced a central whistle-blower policy that enables all employees to anonymously report situations, incidents or circumstances that seem inappropriate or contrary to the Group's guidelines.

Contractual risks

As Conscia's business model is founded upon extensive partnerships, it is essential to secure that vendor contracts or other agreements do not impose abnormal obligations on Conscia, nor are drafted in an unbalanced manner with regards to the protection of Conscia's business. Therefore, before entering any agreements, suppliers are thoroughly evaluated with regards to financial solidity, delivery quality, timeliness as well as overall reliability.

Employee risks

Conscia acknowledge that the employees are the most important asset of the company. As Conscia's business model is founded upon IT consultancy and extensive partnerships, having the right competencies with the adequate experience is vital. Therefore, it is important that Conscia continues to attract, retain and develop skilled employees. Failure to do so will negatively impact the continued development of the company.

Currency risks

Conscia is exposed to currency fluctuations in the countries where it has its main activities. The risk relates primarily to the rise/fall in USD, as almost all hardware and software are purchased in USD. It is a Group policy to seek to offset exchange-rate risks by matching revenue, as well as other positive cash flow, against costs in the same currencies. If this is not possible, the currency exchange risk is hedged via foreign exchange contracts, no speculative currency positions are taken.

Exchange rate fluctuations related to the translation of the results and intercompany balance of foreign subsidiaries at the balance sheet date constitute a risk. The company does not hedge this type of risk. Consequently, the Group may be affected in the short term by exchange rate fluctuations related to the translation of the results and intercompany balance of subsidiaries into DKK.

Management's Review

IT risks

Conscia uses IT to a significant extent and is vulnerable to interruptions of operation and breaches of the established security. Conscia has a large number of IT security specialists that assist our clients, but also supports the improvement of own IT security to ensure that a high level of security is always maintained. Additionally, an internal IT Information Security Policy secures the employees are knowledgeable with best possible way of minimizing the risk of exposing or loosing data, in case of accidents, theft, intentional and unintentional data leaks or direct attacks.

The Audit Committee assists the board of directors with reviews of financial reporting processes, review of internal control systems including risk management and the on-going dialogue with the external auditor.

Research and development activities

Conscia does not carry out research, but is continuously developing internal systems to support its customers' business.

Outlook for 2018/2019

In 2018/2019, Conscia expects growth in revenue, EBITDA and in number of employees.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Deviation by recognition or measurement

During the financial year, there has been no deviation by recognition and measurement of account entries in neither the company accounts nor the financial report respectively.

Income Statement 1 October - 30 September

	Note	2017/18	2016/17
		TDKK	TDKK
Revenue	1	**718,566**	**758,956**
Expenses for raw materials and consumables		-510,771	-543,663
Other external expenses		-23,463	-23,756
Gross profit/loss		**184,332**	**191,537**
Staff expenses	2	-107,534	-100,486
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5,430	-4,768
Profit/loss before financial income and expenses		**71,368**	**86,283**
Financial income	3	5,360	3,407
Financial expenses	4	-451	-280
Profit/loss before tax		**76,277**	**89,410**
Tax on profit/loss for the year	5	-17,558	-20,160
Net profit/loss for the year		**58,719**	**69,250**

Balance Sheet 30 September

Assets

	Note	2017/18	2016/17
		TDKK	TDKK
Acquired other similar rights		6,815	2,212
Goodwill		37,390	39,587
Intangible assets	6	**44,205**	**41,799**
Other fixtures and fittings, tools and equipment		2,088	3,864
Property, plant and equipment	7	**2,088**	**3,864**
Deposits		1,136	1,236
Fixed asset investments	8	**1,136**	**1,236**
Fixed assets		**47,429**	**46,899**
Finished goods and goods for resale		5,952	142
Prepayments for goods		0	215
Inventories		**5,952**	**357**
Trade receivables		163,974	102,653
Contract work in progress	9	1,790	2,730
Receivables from group enterprises		124,290	119,561
Other receivables	14	14,006	10,813
Prepayments	10	431	2,950
Receivables		**304,491**	**238,707**
Cash at bank and in hand		**0**	**8,853**
Currents assets		**310,443**	**247,917**
Assets		**357,872**	**294,816**

Balance Sheet 30 September

Liabilities and equity

	Note	2017/18	2016/17
		TDKK	TDKK
Share capital		500	500
Retained earnings		27,858	125,190
Proposed dividend for the year		100,000	0
Equity		**128,358**	**125,690**
Provision for deferred tax	12	1,346	495
Provisions		**1,346**	**495**
Payables to group enterprises relating to corporation tax		16,708	19,849
Other payables		5,040	0
Long-term debt	13	**21,748**	**19,849**
Credit institutions		0	8,143
Prepayments received from customers		6,379	5,155
Trade payables		138,669	88,648
Contract work in progress, liabilities	9	63	84
Payables to group enterprises		288	714
Payables to group enterprises relating to corporation tax	13	19,849	0
Other payables	13	41,172	46,038
Short-term debt		**206,420**	**148,782**
Debt		**228,168**	**168,631**
Liabilities and equity		**357,872**	**294,816**

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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	500	125,190	0	125,690
Extraordinary dividend paid	0	-56,875	0	-56,875
Fair value adjustment of hedging instruments, beginning of year	0	293	0	293
Fair value adjustment of hedging instruments, end of year	0	531	0	531
Net profit/loss for the year	0	-41,281	100,000	58,719
Equity at 30 September	**500**	**27,858**	**100,000**	**128,358**

Notes to the Financial Statements

		2017/18	2016/17
		TDKK	TDKK

1 Revenue

All sales are primarily on the Danish market

	2017/18 TDKK	2016/17 TDKK
Hardware, software and service	642,555	692,023
Own service consultancy	76,011	66,933
	718,566	**758,956**

2 Staff expenses

	2017/18 TDKK	2016/17 TDKK
Wages and salaries	93,152	86,599
Pensions	8,304	6,919
Other social security expenses	736	663
Other staff expenses	5,342	6,305
	107,534	**100,486**
Average number of employees	**114**	**101**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

2 Staff expenses (continued)

Share based remuneration – share option program

In order to encourage common goals between key employees and the company's strategy, an investment program (“MIP”) for management, external board members and a number of employees was established in 2016. The share capital in AX IV CON ApS is nominally DKK 3,197,148, divided into shares of DKK 0.001 each, which is further divided into four share classes (A, B, C and D) cf. the Article of Association. As of 30 September 2018, nominally DKK 188,372 are held by MIP participants in Conscia A/S. Please see the table below for developments in investments for 2017/2018.

Purchase price of the shares is fair market value cf. general accepted valuation principles. Hence, the share option program is treated as an equity-based program.

Shares	A Shares	B Shares
As of 1 October, 2017	184,809	20,534
Granted during the year	7,860	873
Terminations	-23,134	-2,570
Exercised	-	-
Expired	-	-
As of 30 September, 2018	169,535	18,837

	2017/18	2016/17
	TDKK	TDKK

3 Financial income

	2017/18 TDKK	2016/17 TDKK
Interest received from group enterprises	4,029	1,802
Other financial income	1,331	1,605
	5,360	**3,407**

4 Financial expenses

	2017/18 TDKK	2016/17 TDKK
Interest paid to group enterprises	138	0
Other financial expenses	313	280
	451	**280**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2017/18	2016/17
	TDKK	TDKK
Current tax for the year	16,708	19,901
Adjustment of deferred tax	850	259
	17,558	**20,160**

6 Intangible assets

	Acquired other similar rights	Goodwill
	TDKK	TDKK
Cost at 1 October	6,269	43,916
Additions for the year	5,898	0
Cost at 30 September	12,167	43,916
Impairment losses and amortisation at 1 October	4,056	4,328
Amortisation for the year	1,296	2,198
Impairment losses and amortisation at 30 September	5,352	6,526
Carrying amount at 30 September	**6,815**	**37,390**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 October	7,961
Additions for the year	160
Cost at 30 September	8,121
Impairment losses and depreciation at 1 October	4,097
Depreciation for the year	1,936
Impairment losses and depreciation at 30 September	6,033
Carrying amount at 30 September	**2,088**

Notes to the Financial Statements

8 Fixed asset investments

	Deposits
	TDKK
Cost at 1 October	1,236
Disposals for the year	-100
Cost at 30 September	1,136
Carrying amount at 30 September	**1,136**

9 Contract work in progress

	2017/18	2016/17
	TDKK	TDKK
Selling price of work in progress	1,842	2,938
Payments received on account	-115	-208
	1,727	**2,730**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	1,790	2,730
Prepayments received recognised in debt	-63	-84
	1,727	**2,646**

10 Prepayments

Prepayments consist of prepaid expenses concerning Cisco products etc.

11 Distribution of profit

	2017/18	2016/17
Extraordinary dividend paid	56,875	0
Proposed dividend for the year	100,000	0
Retained earnings	-98,156	69,250
	58,719	**69,250**

12 Provision for deferred tax

	2017/18	2016/17
Provision for deferred tax at 1 October	495	1,331
Amounts recognised in the income statement for the year	851	-836
Provision for deferred tax at 30 September	**1,346**	**495**

Notes to the Financial Statements

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2017/18 TDKK	2016/17 TDKK
Payables to group enterprises relating to corporation tax		
Between 1 and 5 years	16,708	19,849
Long-term part	16,708	19,849
Within 1 year	19,849	0
	36,557	**19,849**
Other payables		
Between 1 and 5 years	5,040	0
Long-term part	5,040	0
Within 1 year	3,801	0
Other short-term payables	37,371	46,038
Short-term part	41,172	46,038
	46,212	**46,038**

14 Derivative financial instruments

The company's outstanding accounts in foreign currency and the related hedging transactions as per 30 September 2018 are as follows (DKK in thousands):

USD 0-12 months	8,133	15,558

For currency hedging of the future purchase of goods in USD, the company has entered into forward exchange contracts of a total t.DKK 8.133. Compared to the forward price at the balance sheet date, the contracts have a fair value of approximately t.DKK 531. The capital gain is recognized in the equity.

15 Contingent assets, liabilities and other financial obligations

	2017/18	2016/17
	TDKK	TDKK

Leasehold- and leasing commitments

	2017/18 TDKK	2016/17 TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	6,366	6,806
Between 1 and 5 years	7,741	11,077
	14,107	**17,883**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of AX IV Con ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

16 Related parties

Transactions

The Company did not carry out any transactions with related parties that were not concluded on market conditions. According to section 98(c)(7) of the Danish Financial Statements Act, only transactions that are not performed on market conditions are to be disclosed.

Notes to the Financial Statements

16 Related parties (continued)

Consolidated Financial Statements

The company is included in the consolidated annual accounts for Conscia Holding A/S and AX IV Con ApS. The annual reports for 2017/18 for Conscia Holding A/S and AX IV Con ApS can be obtained from the Danish Business Authority.

Name	Place of registered office
AX IV Con ApS (ultimate parent)	Brøndby, Denmark
Conscia Holding A/S (parent)	Brøndby, Denmark

17 Fee to auditors appointed at the general meeting

The company is included in the consolidated annual accounts for AX IV Con ApS, where the fee for the annual reports are presented.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Conscia A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in TDKK.

With reference to a true and fair view, certain reclassifications have been made in the income statement, balance sheet and notes for the company. Comparative figures are adjusted accordingly.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Conscia Holding A/S (parent), the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

18 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Revenue

Information on business segments and geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

18 Accounting Policies (continued)

Other external expenses

Other external expenses comprise activities of the enterprise, including gains and losses on disposal of intagible and tangible fixed assets.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

The estimated financial life is based on the acticity's uniquw commercial position and the employee's commercial and technical skills that are expected to be in use for at least 20 years.

Acquried other similer rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Fixed asset investments

Fixed asset investments consist of rent deposit.

Notes to the Financial Statements

18 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

18 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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