

Planday A/S
Njalsgade 19 D, 7.
2300 Copenhagen S
Central Business Registration
No 27666248

Annual report 2017

The Annual General Meeting adopted the annual report on 13.06.2018

Chairman of the General Meeting

Name: Johan Brenner

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Entity details

Entity

Planday A/S
Njalsgade 19 D, 7.
2300 Copenhagen S

Central Business Registration No: 27666248
Registered in: Copenhagen
Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Johan Brenner, chairman
Guillaume-Alexandre Durao
Dr. Patrick Flesner
Christian Brøndum
Anders Kynde Frederiksen
Mikkel Benjamin Lomholt

Executive Board

Christian Brøndum, CEO
Anders Kynde Frederiksen, CSO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Planday A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.05.2018

Executive Board

Christian Brøndum
CEO

Anders Kynde Frederiksen
CSO

Board of Directors

Johan Brenner
chairman

Guillaume-Alexandre Durao

Dr. Patrick Flesner

Christian Brøndum

Anders Kynde Frederiksen

Mikkel Benjamin Lomholt

Independent auditor's report

To the shareholders of Planday A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Planday A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification number (MNE) mne32127

Management commentary

	2017 DKK'000	2016 DKK'000
Financial highlights		
Key figures		
Gross profit	29.377	20.457
Operating profit/loss	(28.698)	(15.020)
Net financials	(1.566)	(891)
Profit/loss for the year	(23.554)	(12.662)
Total assets	92.175	82.734
Investments in property, plant and equipment	814	714
Equity	76.500	71.245
Cash flows from (used in) operating activities	(15.678)	(6.293)
Cash flows from (used in) investing activities	(24.447)	(20.053)
Cash flows from (used in) financing activities	28.718	71.706
Ratios		
Return on equity (%)	(31,9)	(17,8)
Equity ratio (%)	83,0	86,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group and the Parent entity's primary activity is to conduct business with sale and licensing of software and other related activities.

Development in activities and finances

Net loss of the year stand at DKK 23.554k, equity at DKK 76.500k and total assets at DKK 92.175k.

Profit/loss for the year in relation to expected developments

The net loss for the year of DKK 23.554k was expected by management and should be seen in relation to the growth plan the Group is following. During 2017 the Group has grown its revenue organically and on a level which was expected by management and is considered satisfactory.

Outlook

The Group is also expected to create a loss for 2018, however management expects that the Group will continue to grow its revenue accordingly to the established business plan, which indicates an expected revenue growth of approximately 70 %.

Particular risks

The Group currently has legal entities present in the Danish, UK, USA and Norwegian markets. Furthermore, the Group has activities on a larger number of foreign markets. As such, the Group is exposed to risks relating to developments in currency exchange rates. Management is actively monitoring these risks and considering on an on-going basis the need to minimize these risks.

Intellectual capital resources

The Group's primary product is its online platform Planday. A key part of the growth of the Group is to continuously deliver new features etc. to enable the Group's product to be top of the line in the business.

Staff

The Group is specifically dependent on its staff in regards to its development projects and activities. The Group employs developers through its Vietnamese entity as well as in the Danish Parent entity.

Environmental performance

The Group has no particular environmental impact.

Research and development activities

The Group have capitalized development costs of DKK 23.206k during 2017. The Group's development costs are related to the continuous improvement of its primary product, the Planday platform. The total carrying value of capitalized development projects in the balance sheet amounts to DKK 44.582k at 31 December 2017. For 2018, the Group expects to continue its focus on improving its product, as this is an important part of the Group's business plan and the foundation for future growth.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		29.376.633	20.456.850
Staff costs	1	(47.548.960)	(31.516.680)
Depreciation, amortisation and impairment losses	2	(10.525.621)	(3.960.288)
Operating profit/loss		(28.697.948)	(15.020.118)
Other financial income		14.261	444.179
Other financial expenses		(1.580.623)	(1.335.287)
Profit/loss before tax		(30.264.310)	(15.911.226)
Tax on profit/loss for the year	3	6.710.588	3.249.045
Profit/loss for the year	4	(23.553.722)	(12.662.181)

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		44.582.246	15.300.751
Development projects in progress		0	15.806.462
Intangible assets	5	44.582.246	31.107.213
Other fixtures and fittings, tools and equipment		1.177.157	1.249.509
Leasehold improvements		331.006	239.482
Property, plant and equipment	6	1.508.163	1.488.991
Other investments		10.000	10.000
Deposits		1.231.248	815.828
Fixed asset investments	7	1.241.248	825.828
Fixed assets		47.331.657	33.422.032
Trade receivables		4.636.302	702.483
Other receivables		1.277.891	334.575
Income tax receivable		5.113.566	4.234.146
Prepayments	8	2.008.489	699.350
Receivables		13.036.248	5.970.554
Cash		31.806.637	43.341.799
Current assets		44.842.885	49.312.353
Assets		92.174.542	82.734.385

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		1.088.505	1.008.989
Reserve for development expenditure		27.945.857	14.641.570
Retained earnings		47.465.206	55.594.933
Equity		76.499.568	71.245.492
Deferred tax	9	1.147.990	2.753.291
Provisions		1.147.990	2.753.291
Bank loans		0	217.893
Prepayments received from customers		11.612	46.071
Trade payables		3.963.866	2.777.444
Income tax payable		0	34.464
Other payables		10.261.860	5.630.235
Deferred income	10	289.646	29.495
Current liabilities other than provisions		14.526.984	8.735.602
Liabilities other than provisions		14.526.984	8.735.602
Equity and liabilities		92.174.542	82.734.385
Unrecognised rental and lease commitments	12		
Mortgages and securities	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.008.989	14.641.570	55.594.933	71.245.492
Increase of capital	79.516	0	29.666.043	29.745.559
Costs related to equity transactions	0	0	(1.027.371)	(1.027.371)
Exchange rate adjustments	0	0	89.610	89.610
Profit/loss for the year	0	13.304.287	(36.858.009)	(23.553.722)
Equity end of year	1.088.505	27.945.857	47.465.206	76.499.568

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Operating profit/loss		(28.697.948)	(15.020.118)
Amortisation, depreciation and impairment losses		10.525.621	3.960.288
Working capital changes	11	(140.495)	3.383.550
Cash flow from ordinary operating activities		(18.312.822)	(7.676.280)
Financial income received		14.261	444.179
Financial income paid		(1.579.433)	(1.335.287)
Income taxes refunded/(paid)		4.199.682	2.274.514
Cash flows from operating activities		(15.678.312)	(6.292.874)
Acquisition etc of intangible assets		(23.205.850)	(19.100.664)
Acquisition etc of property, plant and equipment		(813.976)	(714.374)
Acquisition of fixed asset investments		(426.929)	(237.726)
Cash flows from investing activities		(24.446.755)	(20.052.764)
Cash increase of capital		28.718.188	71.705.915
Cash flows from financing activities		28.718.188	71.705.915
Increase/decrease in cash and cash equivalents		(11.406.879)	45.360.277
Cash and cash equivalents beginning of year		43.123.906	(2.236.371)
Currency translation adjustments of cash and cash equivalents		89.610	0
Cash and cash equivalents end of year		31.806.637	43.123.906
Cash and cash equivalents at year-end are composed of:			
Cash		31.806.637	43.341.799
Short-term debt to banks		0	(217.893)
Cash and cash equivalents end of year		31.806.637	43.123.906

Notes to consolidated financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	56.481.763	41.438.221
Pension costs	3.260.246	2.214.488
Other social security costs	922.927	900.569
Other staff costs	3.531.242	1.870.892
Staff costs classified as assets	(16.647.218)	(14.907.490)
	47.548.960	31.516.680
Average number of employees	119	70

	Remuneration of management 2017 DKK
Executive Board	2.026.063
	2.026.063

In accordance with section 98b(3) of the Danish Financial Statements Act, no amounts have been disclosed for 2016 as the information would indicate the remuneration of a single management member.

	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	9.730.817	3.406.096
Depreciation of property, plant and equipment	794.804	504.546
Profit/loss from sale of intangible assets and property, plant and equipment	0	49.646
	10.525.621	3.960.288

	2017 DKK	2016 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(5.105.287)	(4.204.523)
Change in deferred tax for the year	(1.605.301)	955.478
	(6.710.588)	(3.249.045)

	2017 DKK	2016 DKK
4. Proposed distribution of profit/loss		
Retained earnings	(23.553.722)	(12.662.181)
	(23.553.722)	(12.662.181)

Notes to consolidated financial statements

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
5. Intangible assets		
Cost beginning of year	25.177.965	15.806.462
Transfers	15.806.462	(15.806.462)
Additions	23.205.850	0
Cost end of year	64.190.277	0
Amortisation and impairment losses beginning of year	(9.877.214)	0
Amortisation for the year	(9.730.817)	0
Amortisation and impairment losses end of year	(19.608.031)	0
Carrying amount end of year	44.582.246	0

Development projects in progress

The Group's development projects relates to its online employee scheduling platform. Development projects in progress and projects completed during the year, includes development of new features and methods of integration, and is an integral part of pursuing the Group's strategy of organic growth. Management is actively monitoring potential market opportunities and the ongoing improvement and renewal of the Group's product is an important factor in the realization of the Group's potential.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment		
Cost beginning of year	2.330.972	452.693
Additions	642.621	171.355
Cost end of year	2.973.593	624.048
Depreciation and impairment losses beginning of the year	(1.081.463)	(213.211)
Depreciation for the year	(714.973)	(79.831)
Depreciation and impairment losses end of the year	(1.796.436)	(293.042)
Carrying amount end of year	1.177.157	331.006

Notes to consolidated financial statements

	Other investments DKK	Deposits DKK
7. Fixed asset investments		
Cost beginning of year	10.000	815.828
Exchange rate adjustments	0	(11.509)
Additions	0	426.929
Cost end of year	10.000	1.231.248
Carrying amount end of year	10.000	1.231.248

8. Prepayments

Prepayments relate to prepaid rent, insurance, software subscriptions etc.

	2017 DKK
9. Deferred tax	
Changes during the year	
Beginning of year	2.753.291
Recognised in the income statement	(1.605.301)
End of year	1.147.990

10. Short-term deferred income

Deferred income is composed of subscription based revenue already invoiced, relating to 2018.

	2017 DKK	2016 DKK
11. Change in working capital		
Increase/decrease in inventories	0	0
Increase/decrease in receivables	(6.186.274)	(23.645)
Increase/decrease in trade payables etc	6.045.779	3.407.195
	(140.495)	3.383.550

	2017 DKK	2016 DKK
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	4.023.000	1.825.000

13. Mortgages and securities

A floating charge of nominally DKK 3 million, have been posted for Nordea. The floating charge provides security in the Parent Entity's intangible assets, property, plant and equipment and trade receivables. The total carrying amount of these assets is DKK 49.942.556 (Prior year: DKK 33.111k).

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
14. Subsidiaries					
Planday AS	Norge	AS	100,0	31.494	398.189
Planday Inc	USA	Inc	100,0	(425.948)	(23.662)
Planday Ltd.	UK	Ltd.	100,0	511.840	243.633
Planday Vietnam	Vietnam	Ltd.	100,0	71.957	71.957

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		13.409.035	12.980.111
Staff costs	1	(32.255.722)	(24.270.123)
Depreciation, amortisation and impairment losses	2	(10.525.621)	(3.960.288)
Operating profit/loss		(29.372.308)	(15.250.300)
Other financial income		9.325	422.967
Other financial expenses		(1.546.478)	(1.368.774)
Profit/loss before tax		(30.909.461)	(16.196.107)
Tax on profit/loss for the year	3	6.710.588	3.246.668
Profit/loss for the year	4	(24.198.873)	(12.949.439)

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		44.582.246	15.300.751
Development projects in progress		0	15.806.462
Intangible assets	5	<u>44.582.246</u>	<u>31.107.213</u>
Other fixtures and fittings, tools and equipment		1.122.698	1.249.509
Leasehold improvements		331.006	239.482
Property, plant and equipment	6	<u>1.453.704</u>	<u>1.488.991</u>
Investments in group enterprises		52.106	52.106
Other investments		10.000	10.000
Deposits		790.725	710.411
Fixed asset investments	7	<u>852.831</u>	<u>772.517</u>
Fixed assets		<u>46.888.781</u>	<u>33.368.721</u>
Trade receivables		3.906.606	515.200
Receivables from group enterprises		12.306.072	5.147.746
Other receivables		464.566	12.446
Income tax receivable		5.105.287	4.234.146
Prepayments	8	1.493.230	699.350
Receivables		<u>23.275.761</u>	<u>10.608.888</u>
Cash		<u>18.784.099</u>	<u>37.788.750</u>
Current assets		<u>42.059.860</u>	<u>48.397.638</u>
Assets		<u>88.948.641</u>	<u>81.766.359</u>

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		1.088.505	1.008.989
Reserve for development expenditure		27.945.857	14.641.570
Retained earnings		47.542.653	56.407.141
Equity		<u>76.577.015</u>	<u>72.057.700</u>
Deferred tax	9	1.147.990	2.753.291
Provisions		<u>1.147.990</u>	<u>2.753.291</u>
Prepayments received from customers		11.612	46.071
Trade payables		3.376.843	2.485.881
Other payables		7.641.623	4.423.416
Deferred income	10	193.558	0
Current liabilities other than provisions		<u>11.223.636</u>	<u>6.955.368</u>
Liabilities other than provisions		<u>11.223.636</u>	<u>6.955.368</u>
Equity and liabilities		<u>88.948.641</u>	<u>81.766.359</u>
Unrecognised rental and lease commitments	11		
Mortgages and securities	12		

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.008.989	14.641.570	56.407.141	72.057.700
Increase of capital	79.516	0	29.666.043	29.745.559
Costs related to equity transactions	0	0	(1.027.371)	(1.027.371)
Profit/loss for the year	0	13.304.287	(37.503.160)	(24.198.873)
Equity end of year	1.088.505	27.945.857	47.542.653	76.577.015

Notes to parent financial statements

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	43.083.389	35.106.472
Pension costs	3.098.996	2.205.100
Other social security costs	922.927	424.717
Other staff costs	1.797.628	1.441.325
Staff costs classified as assets	(16.647.218)	(14.907.491)
	32.255.722	24.270.123
Average number of employees	74	59

	Remunera- tion of manage- ment 2017 DKK
Executive Board	2.026.063
	2.026.063

In accordance with section 98b(3) of the Danish Financial Statements Act, no amounts have been disclosed for 2016 as the information would indicate the remuneration of a single management member.

	2017 DKK	2016 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	9.730.817	3.406.096
Depreciation of property, plant and equipment	794.804	504.546
Profit/loss from sale of intangible assets and property, plant and equipment	0	49.646
	10.525.621	3.960.288
	2017 DKK	2016 DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(5.105.287)	(4.202.146)
Change in deferred tax for the year	(1.605.301)	955.478
	(6.710.588)	(3.246.668)

Notes to parent financial statements

	2017 DKK	2016 DKK
4. Proposed distribution of profit/loss		
Retained earnings	(24.198.873)	(12.949.439)
	(24.198.873)	(12.949.439)
	Completed development projects DKK	Development projects in progress DKK
5. Intangible assets		
Cost beginning of year	25.177.965	15.806.462
Transfers	15.806.462	(15.806.462)
Additions	23.205.850	0
Cost end of year	64.190.277	0
Amortisation and impairment losses beginning of year	(9.877.214)	0
Amortisation for the year	(9.730.817)	0
Amortisation and impairment losses end of year	(19.608.031)	0
Carrying amount end of year	44.582.246	0

Development projects in progress

The Company's development projects relates to its online employee scheduling platform. Development projects in progress and projects completed during the year, includes development of new features and methods of integration, and is an integral part of pursuing the Company's strategy of organiz growth. Management is actively monitoring potential market opportunities and the ongoing improvement and renewal of the Company's product is an important factor in the realization of the Company's potential.

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
6. Property, plant and equipment		
Cost beginning of year	2.330.972	452.693
Additions	588.162	171.355
Cost end of year	2.919.134	624.048
Depreciation and impairment losses beginning of the year	(1.081.463)	(213.211)
Depreciation for the year	(714.973)	(79.831)
Depreciation and impairment losses end of the year	(1.796.436)	(293.042)
Carrying amount end of year	1.122.698	331.006

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
7. Fixed asset investments			
Cost beginning of year	52.106	10.000	710.411
Additions	0	0	80.314
Cost end of year	52.106	10.000	790.725
Carrying amount end of year	52.106	10.000	790.725

Specification of investments in group enterprises can be seen in note 14 of the consolidated financial statements.

8. Prepayments

Prepayments relate to prepaid rent, insurance, software subscriptions etc.

	2017 DKK
9. Deferred tax	
Changes during the year	
Beginning of year	2.753.291
Recognised in the income statement	(1.605.301)
End of year	1.147.990

10. Deferred income

Deferred income is composed of subscription based revenue already invoiced, relating to 2018.

Notes to parent financial statements

	<u>2017</u> DKK	<u>2016</u> DKK
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>1.280.000</u>	<u>1.825.000</u>

12. Mortgages and securities

A floating charge of nominally DKK 3 million, have been posted for Nordea. The floating charge provides security in intangible assets, property, plant and equipment and trade receivables. The total carrying amount of these assets is DKK 49.942.556 (Prior year: DKK 33.111k).

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises cost directly related to revenue.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights.

The depreciation period is estimated at 5 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.