martinsen
Rådgivning & Revision

# Zylinc A/S

## Strandvejen 104A, 2900 Hellerup

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# Annual report

## 1 October 2019 - 30 September 2020

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**Company reg. no. 28 88 85 97**

The annual report was submitted and approved by the general meeting on the 16 February 2021.

Peter Stig Andersen
Chairman of the meeting

# Contents





Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

# Management's report

Today, the board of directors and the managing director have presented the annual report of Zylinc A/S for the financial year 1 October 2019 - 30 September 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 September 2020 and of the company's results of activities in the financial year 1 October 2019 – 30 September 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Hellerup, 15 February 2021

**Managing Director**

René Viborg

**Board of directors**

| | | |
|---|---|---|
| Peter Stig Andersen | René Viborg | Klaus Melchior |

## Independent auditor's report

**To the shareholder of Zylinc A/S**

**Opinion**

We have audited the financial statements of Zylinc A/S for the financial year 1 October 2019 - 30 September 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 September 2020 and of the results of the company's activities for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

## Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Esbjerg, 15 February 2021

**Martinsen**
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Lars Æbelø-Nielsen
State Authorised Public Accountant
mne33693

## Company information

| | | |
|---|---|---|
| **The company** | Zylinc A/S<br>Strandvejen 104A<br>2900 Hellerup | |
| | Company reg. no. | 28 88 85 97 |
| | Domicile: | Hellerup |
| | Financial year: | 1 October - 30 September |
| **Board of directors** | Peter Stig Andersen<br>René Viborg<br>Klaus Melchior | |
| **Managing Director** | René Viborg | |
| **Auditors** | Martinsen<br>Statsautoriseret Revisionspartnerselskab<br>Edison Park 4<br>6715 Esbjerg N | |
| **Bankers** | Danske Bank, Holbergsgade 2, 1057 København K | |
| **Lawyer** | Nielsen Nørager Advokatpartnerselskab, Frederiksberggade 16, 1459 København K | |
| **Parent company** | Viborg Holding ApS | |
| **Subsidiary** | Zylinc AB, Sweden | |

## Financial highlights

| DKK in thousands. | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Gross profit | 27.022 | 29.037 | 26.194 | 32.322 | 28.763 |
| Profit from ordinary operating activities | 6.524 | 5.728 | -1.750 | 6.794 | 2.788 |
| Net financials | 191 | -1.113 | 2.024 | 2.454 | 581 |
| Net profit or loss for the year | 5.088 | 3.317 | 409 | 7.556 | 2.660 |
| **Statement of financial position:** | | | | | |
| Balance sheet total | 41.022 | 35.214 | 34.628 | 34.254 | 30.844 |
| Equity | 17.916 | 24.017 | 24.845 | 27.139 | 23.608 |
| **Employees:** | | | | | |
| Average number of full-time employees | 29 | 35 | 44 | 37 | 35 |
| **Key figures in %:** | | | | | |
| Solvency ratio | 43,7 | 68,2 | 71,7 | 79,2 | 76,5 |
| Return on equity | 24,3 | 13,6 | 1,6 | 29,8 | 10,7 |

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Due to changes in the accounting policies in 2018/19 regaring the recognition of revenue the financial highlights for the financial years 2017/18 and 2018/19 have been adapted to the new accounting principles. The financial figures for 2015/16 - 2016/17 has not been corrected to the new accounting principles.

## Management commentary

### The principal activities of the company

The Zylinc business suite combines Information and Communication Technology (ICT) in a unique way to provide strategic value to all kinds of enterprises by enabling supreme customer experience at lower costs, boosting employee productivity and improving business process efficiency based on a unique cloud architecture enabling agile development, easy onboarding and subsequent maintenance of new customers.

Zylinc's market awareness and footprint are continuously increasing as a leading provider in the Nordics of cloud-based UC software solutions. Zylinc's unique business suite is positioned in the fastest growing segments of UC with growth rates at 15-25% p.a. in a global market of around USD 20bn in annual revenues.

Zylinc's software solutions are offered as cloud-based services (UCaaS) by hosting partners and telecom operators with recurring revenues or implemented in mixed environments (hybrid), where the Software is licensed by Zylinc to end-customers in a combined upfront and recurring revenue model. As the UCaaS business model has become the dominated one, almost all new customers are onboarded on this model.

Zylinc's unique business suite holds a strong market position, where our key differentiators are as follows:

- Same modular software solution offering towards different business needs within enterprises
- Agnostic towards enterprises' underlying communications infrastructure and applications portfolio
- Customer value products and features are offered in a state-of-the-art mobility-based version also

Combined with Zylinc's vast experience working with Nordic enterprises developing and benefitting from the "Nordic way of working" to deliver superior customer experience and internal organizational engagement, our business suite as a mission critical application portfolio, creates long lasting value to our customers.

## Management commentary

**The significant activities of Zylinc**

In FY2020, Zylinc launched our new cloud platform, marketed as Novus. This new platform is built to run together with leading Cloud providers, e.g. Azure, AWS, and Google Cloud. In addition to this, Zylinc further strengthened our API only implementation. With this, Zylinc and our customers can integrate easily to other business applications, e.g. CRM applications such as Salesforce. Combined with building the new platform, Zylinc also managed to increase efficiency in our development organization significantly. Throughout the latter part of FY2020, several new customers are onboarded easily our new Novus platform, and with solid customer experience and satisfaction as a result.

Further in FY2020, Zylinc has restructured and completely rebuild its entire commercial organization including the Sales, Channel, and Product Management functions, providing the company with significantly enhanced capabilities and capacity both at leadership and specialist levels. The organizational investment has been focal in executing Zylinc's revenues growth strategy based on our newly launched Novus platform. Development in sales pipeline volumes, channel partner programs and product roadmap progress all points to a solid foundation for the company to realize above-market growth rates in FY2021 and beyond.

Finally, and opposite to vast majority of industries, the ongoing global covid-19 situation has not influenced the company's performance negatively. On the contrary and in close connection with the extensive use of communications and collaboration systems during the pandemic, Zylinc has experienced even further business opportunities as enterprises mitigate lockdown consequences with new ways of working.

**Development in activities and financial matters**

Zylinc's financial performance in FY2020 is deemed satisfactory by management as net revenues grew 1.0%, while at the same time we transformed the revenue generation partly from the hybrid revenues business model towards a recurring revenues business model.

Significant improvements within the company's software development productivity and cloud-based customer handling, though partly offset by enhanced commercial investments, means that the company realized an EBITDA growth of 11.01% to DKK 7,253,802 from DKK 6,455,117 in FY2019. Net profit from ordinary activities after tax were DKK 5,088,055 in FY2020, up from DKK 3,316,873 in FY2019. The company's strong earnings growth in FY 2020 is also deemed satisfactory by management.

Further, operational earnings are associated with corresponding cash earnings as Zylinc continuously takes all investments in e.g. software development and commercial enhancements as Opex within a fiscal year, thereby funding future revenue generating activities with current earnings. Finally, the company has a substantial cash position and is net debt free. Management therefore deems the financial position of the company as satisfactory.

## Management commentary

**The expected development**

Management will continue execution of the current strategy plan, which among others include the following:

- Further rebuild and enhance the company's commercial reach and activities across the Nordics
- Continuously strengthen our new cloud-based Novus platform with additional products and features
- Leverage on Zylinc's long-standing customer portfolio for increased satisfaction and use adoption
- Finalize and marketeer specific parts of our product portfolio in large central European markets

During the summer 2021 period, the company will carry out a new strategy process with a view to establish our 2024-ambitions, and thereby have in hand for the management and the entire organization a clear and executable plan where to go in terms of markets and products and what to achieve in terms financials in the three-year period FY2022-24.

Financially in FY2021, management has the clear expectation that revenues will grow faster compared to FY2020 even though that finalization of the transition to a recurring business model partly offsets the underlying sales growth rates. Further, management is positive on an increase in EBITDA margins and within the corresponding cash earnings compared to FY2020 as the new software business suite, Novus, will show its competitiveness, easy to onboard and use attractiveness, and borderless scalability and modularity.

# Accounting policies

The annual report for Zylinc A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

**Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

## Accounting policies

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

## Income statement

### Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

## Accounting policies

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables and leasing costs.

**Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

**Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

**Financial income and expenses**

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

**Results from equity investments in group enterprises**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

**Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

### Statement of financial position

**Tangible fixed asstets**

Other tangible assets are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

## Accounting policies

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

| | Useful life |
|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Leases**

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

**Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

## Accounting policies

**Investments**

**Equity in group enterprises**

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

**Other financial instruments and equity investments**

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

**Deposits**

Deposits are measured at amortised cost and represent lease deposits, etc.

**Receivables**

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

## Accounting policies

**Contract work in progress**

Contract work in progress is measured at the selling price of the work performed less invoicing on account and expected losses. Contract work in progress is characterised by the goods manufactured having a high degree of individualised design. Furthermore, it is a requirement to enter into a binding contract prior to commencing the work which, if cancelled, will result in penalties or damages.

The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an assessment of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it seems probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

When the results of a contract cannot be assessed reliably, the selling price is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Contracts, for which the selling price of the work performed exceeds the invoicing on account and expected losses, are recognised as trade receivables. Contracts, for which invoicing on account and expected losses exceed the selling price, are recognised as liabilities.

Prepayments from customers are recognised as liabilities.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

**Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

**Securities and equity investments**

Securities and equity investments recognised as current assets are measured at fair value on the reporting date.

**Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

**Equity**

**Reserve for net revaluation according to the equity method**

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

## Accounting policies

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

**Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

**Income tax and deferred tax**

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Zylinc A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

**Liabilities other than provisions**

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

**Accruals and deferred income**

Payments received concerning future income are recognised under accruals and deferred income.

## Income statement 1 October - 30 September

All amounts in DKK.

| Note | | 2019/20 | 2018/19 |
|---|---|---|---|
| | **Gross profit** | **27.021.886** | **29.037.348** |
| 1 | Staff costs | -19.768.084 | -22.582.231 |
| | Depreciation and impairment of property, land, and equipment | -729.886 | -726.923 |
| | **Profit before net financials** | **6.523.916** | **5.728.194** |
| | Income from equity investments in group enterprises | -31.132 | -97.613 |
| | Other financial income from group enterprises | 0 | 73.445 |
| | Other financial income | 594.207 | 0 |
| | Other financial costs | -372.178 | -1.088.485 |
| | **Pre-tax net profit or loss** | **6.714.813** | **4.615.541** |
| | Tax on net profit or loss for the year | -1.626.758 | -1.298.668 |
| | **Net profit or loss for the year** | **5.088.055** | **3.316.873** |

**Proposed appropriation of net profit:**

| | 2019/20 | 2018/19 |
|---|---|---|
| Extraordinary dividend adopted during the financial year | 0 | 4.000.000 |
| Reserves for net revaluation according to the equity method | 0 | -1.910.502 |
| Dividend for the financial year | 7.000.000 | 11.300.000 |
| Allocated from retained earnings | -1.911.945 | -10.072.625 |
| **Total allocations and transfers** | **5.088.055** | **3.316.873** |

## Statement of financial position at 30 September

All amounts in DKK.

| Note | Assets | 2020 | 2019 |
|---|---|---|---|
| | **Non-current assets** | | |
| 2 | Other fixtures and fittings, tools and equipment | 115.676 | 175.257 |
| | Total property, plant, and equipment | 115.676 | 175.257 |
| 3 | Equity investments in group enterprises | 476.085 | 2.147.469 |
| 4 | Deposits | 193.122 | 187.678 |
| | Total investments | 669.207 | 2.335.147 |
| | **Total non-current assets** | **784.883** | **2.510.404** |
| | **Current assets** | | |
| | Trade receivables | 13.336.370 | 13.314.149 |
| | Contract work in progress | 0 | -1.875 |
| | Receivables from group enterprises | 871.561 | 5.858.000 |
| | Deferred tax assets | 133.000 | 462.000 |
| | Other receivables | 1.802.666 | 102.873 |
| | Prepayments and accrued income | 441.355 | 622.233 |
| | Total receivables | 16.584.952 | 20.357.380 |
| | Other financial instruments and equity investments | 1.456.250 | 862.500 |
| | Total financial instruments | 1.456.250 | 862.500 |
| | Available funds | 22.195.760 | 11.483.946 |
| | **Total current assets** | **40.236.962** | **32.703.826** |
| | **Total assets** | **41.021.845** | **35.214.230** |

## Statement of financial position at 30 September

All amounts in DKK.

### Equity and liabilities

| Note | | 2020 | 2019 |
|---|---|---|---|
| | **Equity** | | |
| 5 | Contributed capital | 1.000.000 | 1.000.000 |
| 6 | Reserve for net revaluation according to the equity method | 110.145 | 0 |
| 7 | Retained earnings | 9.805.436 | 11.717.381 |
| 8 | Proposed dividend for the financial year | 7.000.000 | 11.300.000 |
| | **Total equity** | **17.915.581** | **24.017.381** |
| | **Liabilities other than provisions** | | |
| 9 | Other payables | 1.710.298 | 195.735 |
| | Total long term liabilities other than provisions | 1.710.298 | 195.735 |
| | Bank loans | 6.052 | 0 |
| | Trade payables | 1.518.944 | 949.963 |
| | Payables to group enterprises | 8.731.146 | 0 |
| | Income tax payable | 2.104.258 | 806.500 |
| | Other payables | 4.013.709 | 4.221.497 |
| | Accruals and deferred income | 5.021.857 | 5.023.154 |
| | Total short term liabilities other than provisions | 21.395.966 | 11.001.114 |
| | **Total liabilities other than provisions** | **23.106.264** | **11.196.849** |
| | **Total equity and liabilities** | **41.021.845** | **35.214.230** |

**10 Mortgage and security**

**11 Contingencies**

## Notes

All amounts in DKK.

| | | 2019/20 | 2018/19 |
|---|---|---|---|
| **1.** | **Staff costs** | | |
| | Salaries and wages | 18.077.631 | 20.656.383 |
| | Pension costs | 1.506.717 | 1.673.513 |
| | Other costs for social security | 66.841 | 78.770 |
| | Other staff costs | 116.895 | 173.565 |
| | | **19.768.084** | **22.582.231** |
| | Average number of employees | 29 | 35 |

| | | 30/9 2020 | 30/9 2019 |
|---|---|---|---|
| **2.** | **Other fixtures and fittings, tools and equipment** | | |
| | Cost opening balance | 1.403.960 | 1.285.085 |
| | Additions during the year | 51.734 | 118.875 |
| | **Cost end of period** | **1.455.694** | **1.403.960** |
| | Depreciation and writedown opening balance | -1.228.703 | -1.120.351 |
| | Depreciation and writedown for the year | -111.315 | -108.352 |
| | **Depreciation and writedown end of period** | **-1.340.018** | **-1.228.703** |
| | **Carrying amount, end of period** | **115.676** | **175.257** |

## Notes

All amounts in DKK.

| | | 30/9 2020 | 30/9 2019 |
|---|---|---|---|
| **3.** | **Equity investments in group enterprises** | | |
| | Acquisition sum opening balance | 4.382.909 | 4.535.999 |
| | Translation by use of the exchange rate valid on balance sheet date | 54.810 | -153.090 |
| | **Cost end of period** | **4.437.719** | **4.382.909** |
| | Revaluations opening balance | 1.067.393 | 5.027.035 |
| | Translation by use of the exchange rate valid on balance sheet date | 0 | 8.832 |
| | Results for the year before goodwill amortisation | -31.132 | -97.613 |
| | Dividend | -1.131.826 | -3.926.196 |
| | **Revaluation end of period** | **-95.565** | **1.012.058** |
| | Amortisation of goodwill, opening balance opening balance | -3.247.498 | -2.628.927 |
| | Amortisation of goodwill for the year | -618.571 | -618.571 |
| | **Depreciation on goodwill end of period** | **-3.866.069** | **-3.247.498** |
| | **Carrying amount, end of period** | **476.085** | **2.147.469** |
| | The item includes goodwill with an amount of | 401.562 | 925.404 |

**Group enterprises:**

| | Domicile | Equity interest |
|---|---|---|
| Zylinc AB | Sweden | 100 % |

| | | | |
|---|---|---|---|
| **4.** | **Deposits** | | |
| | Cost opening balance | 204.190 | 204.190 |
| | **Cost end of period** | **204.190** | **204.190** |
| | Revaluation opening balance | -16.967 | -12.967 |
| | Changes during the year | 5.899 | -3.545 |
| | **Revaluation end of period** | **-11.068** | **-16.512** |
| | **Carrying amount, end of period** | **193.122** | **187.678** |

## Notes

All amounts in DKK.

| | | 30/9 2020 | 30/9 2019 |
|---|---|---|---|
| **5.** | **Contributed capital** | | |
| | Contributed capital opening balance | 1.000.000 | 1.000.000 |
| | | **1.000.000** | **1.000.000** |
| **6.** | **Reserve for net revaluation according to the equity method** | | |
| | Reserves for net revaluation opening balance | 0 | 2.054.760 |
| | Share of results | 0 | -1.910.502 |
| | Exchange rate adjustments | 110.145 | -144.258 |
| | | **110.145** | **0** |
| **7.** | **Retained earnings** | | |
| | Retained earnings opening balance | 11.717.381 | 21.790.006 |
| | Profit or loss for the year brought forward | -1.911.945 | -10.072.625 |
| | Extraordinary dividend adopted during the financial year | 0 | 4.000.000 |
| | Distributed extraordinary dividend adopted during the financial year. | 0 | -4.000.000 |
| | | **9.805.436** | **11.717.381** |
| **8.** | **Proposed dividend for the financial year** | | |
| | Dividend opening balance | 11.300.000 | 0 |
| | Distributed dividend | -11.300.000 | 0 |
| | Dividend for the financial year | 7.000.000 | 11.300.000 |
| | | **7.000.000** | **11.300.000** |

## Notes

All amounts in DKK.

| | | 30/9 2020 | 30/9 2019 |
|---|---|---|---|
| **9.** | **Other payables** | | |
| | Total other payables | 1.710.298 | 195.735 |
| | Share of amount due within 1 year | 0 | 0 |
| | **Total other payables** | **1.710.298** | **195.735** |
| | Share of liabilities due after 5 years | 1.710.298 | 195.735 |

Other payables are related to accrued holiday funds to employees.

**10. Mortgage and security**

No mortgage and securityes.

**11. Contingencies**

**Contingent liabilities**

Lease liabilities

In addition to finance leases, the company has entered into operational leases with an average annual lease payment of TDKK 72. The leases have 13 months to maturity and total outstanding lease payments total DKK 78.

Contigent liabilities

The company has entered into a leasing contract with an average annual payment of TDKK 886. Termination period is 6 months.

**Joint taxation**

With Viborg Holding ApS as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

## Notes

All amounts in DKK.

**11. Contingencies (continued)**

**Joint taxation (continued)**

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

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**René Viborg**
**Direktionsmedlem**
På vegne af: Zylinc
*Serienummer: PID:9208-2002-2-952824022948*
*IP: 80.62.xxx.xxx*
*2021-02-16 08:58:29Z*
NEM ID

**René Viborg**
**Bestyrelsesmedlem**
På vegne af: Zylinc
*Serienummer: PID:9208-2002-2-952824022948*
*IP: 80.62.xxx.xxx*
*2021-02-16 08:58:29Z*
NEM ID

**Peter Stig Andersen**
**Bestyrelsesformand**
På vegne af: Peter Stig Andersen
*Serienummer: PID:9208-2002-2-908515699228*
*IP: 93.178.xxx.xxx*
*2021-02-16 12:13:04Z*
NEM ID

**Klaus Melchior**
**Bestyrelsesformand**
*Serienummer: PID:9208-2002-2-443920426216*
*IP: 188.177.xxx.xxx*
*2021-02-18 09:13:08Z*
NEM ID

**Lars Æbelø-Nielsen**
**Statsautoriseret revisor**
På vegne af: Martinsen Statsautoriseret Revisionspar…
*Serienummer: CVR:32285201-RID:1255072680634*
*IP: 77.233.xxx.xxx*
*2021-02-18 10:09:55Z*
NEM ID

**Peter Stig Andersen**
**Dirigent**
På vegne af: Peter Stig Andersen
*Serienummer: PID:9208-2002-2-908515699228*
*IP: 93.178.xxx.xxx*
*2021-02-18 10:46:37Z*
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