ZITCOM A/S

Højvangen 4
8660 Skanderborg
Central Business Registration
No: 29412006

Annual report
2018

The Annual General Meeting adopted the annual report on 28.05.2019

Chairman of the General Meeting

Name: Claus Røge Brandstrup

Contents

Entity details

Zitcom A/S
Højvangen 4
8660 Skanderborg

Central Business Registration No: 29412006
Registered in: Skanderborg
Financial year: 2018

Executive Board

Stefan Rosenlund

Board of Directors

Jonas Marcel E. Dhaenens, chairman
Ole Pallesen Jensen
Stefan Rosenlund
Claus Røge Brandstrup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus 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 Zitcom A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Skanderborg, 28.05.2019

Executive Board

Stefan Rosenlund

Board of Directors

Jonas Marcel E. Dhaenens, chairman

Ole Pallesen Jensen

Stefan Rosenlund

Claus Røge Brandstrup

Independent auditor's report

To the shareholders of Zitcom A/S

Opinion

We have audited the financial statements of Zitcom A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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

- 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 Entity's internal control.

Independent auditor's report

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Entity to cease to continue as a going concern.

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

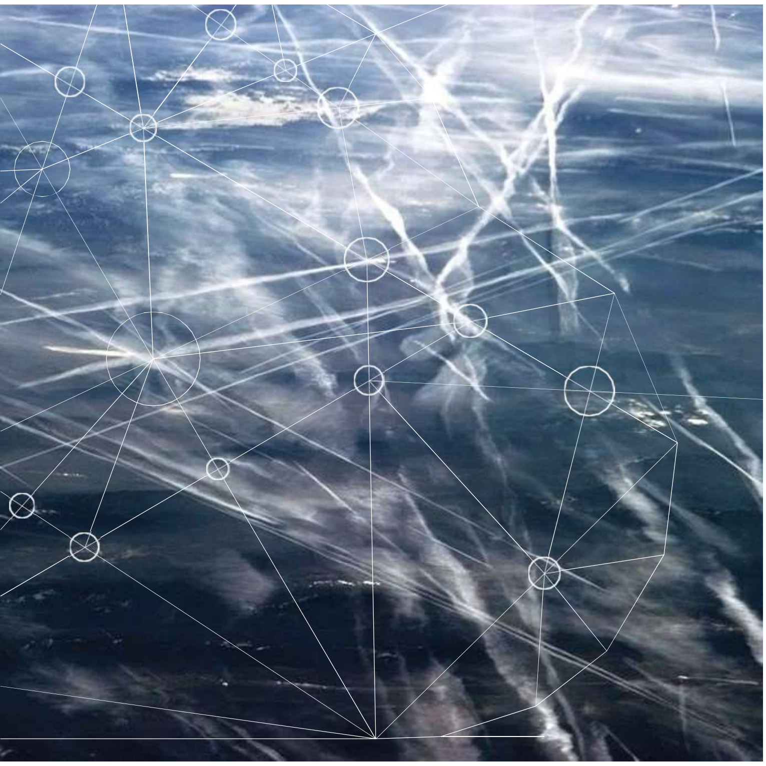
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

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 do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Aarhus, 28.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No (CVR) 33 96 35 56

Michael Bach
State Authorised Public Accountant
Identification No (MNE) 19691

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) 35428

Management commentary

FINANCIAL HIGHLIGHTS

T.DKK	2018***	2017**	2016*	2015	2014
INCOME STATEMENT					
Revenue	321.037	183.137	172.670	83.243	80.798
Gross profit/loss	198.845	106.126	100.512	47.059	51.070
Operating profit/loss	88.844	49.448	46.035	5.766	16.531
Net financials	253	-291	595	-1.091	-1.036
Profit/loss for the year	68.622	37.645	38.267	1.536	11.906

T.DKK					
BALANCE SHEET					
Total assets	262.485	119.016	87.723	50.350	90.799
Investments in property, plant and equipment	34.829	33.625	16.967	6.120	5.648
Equity	50.962	15.723	10.578	4.536	41.906
Invested capital incl. goodwill	118.754	63.069	22.451	12.706	75.607
Interest bearing debt, net	-8.550	21.385	938	-575	27.559

RATIOS					
Gross margin (%)	61,9	57,9	58,2	56,5	63,2
Net margin (%)	21,4	20,6	22,2	1,8	14,7
Return on invested capital incl. goodwill (%)	115,4	123,6	274,8	20,2	26,9
Turnover invested capital	3,5	4,3	9,8	1,9	1,1
Financial gearing (%)	-0,3	1,6	0,1	0,0	0,7
Return on equity (%)	205,8	286,3	506,4	6,6	27,0
Solvency ratio (%)	19,4	13,2	12,1	9,0	46,2
Revenue per employee	1.688	2.155	2.333	1.936	1.879
Employees in average	190	85	74	43	43

* 2016 comprise A/S ScanNet which was merged into Zitcom A/S and the figures from earlier years are therefore not directly comparable

** 2017 comprise DanHost ApS which was merged into Zitcom A/S and the figures from earlier years are therefore not directly comparable

*** 2018 comprise UnoEuro Danmark A/S, DanDomain A/S, Surftown A/S, SmartWeb ApS and ActiveWebs ApS which was merged into Zitcom A/S and the figures from earlier years are therefore not directly comparable

Management commentary

FINANCIAL HIGHLIGHTS

Financial highlights are defined and calculated as follows:

RATIOS	CALCULATION FORMULA	DESCRIPTION
Gross margin (%)	Gross profit x 100 / Revenue	The entity's operating gearing
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability
Return on invested capital	EBITA x 100 / Avr. invested capital incl. GW	The return generated by the entity on the investors' funds
Turnover invested capital	Revenue / Avr. invested capital incl. GW	Turnover rate of capital employed by the entity
Financial gearing (%)	Net interest-bearing debt / Avr. equity	The entity's financial gearing
Return on equity (%)	Profit/loss for the year x 100 / Avr. equity	The entity's return on capital invested in the Entity by the owners
Solvency ratio (%)	Equity x 100 / Total assets	The financial strength of the entity
Revenue per employee	Revenue / Avr. number of employees	The entity's productivity

EBITA (Earnings Before Interest, Tax and Amortization) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortization of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivables and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

PRIMARY ACTIVITIES

The Company's primary business area is to offer and deliver hosting and highly standardized solutions to SMEs. Sale and delivery are made either through direct customer relationships or through the partner channel.

DEVELOPMENT IN ACTIVITIES AND FINANCES

Management considers the financial development in 2018 as strong as the revenue increased to t.dkk 321.037 compared to t.dkk 183.137 the year before and gross profit increased to t.dkk 198.845 from t.dkk 106.126.

The development in financial performance and general activities in 2018 was impacted by

- Merger of Surftown A/S, Smartweb ApS, ActiveWebs A/S, DanDomain A/S and UnoEuro A/S into Zitcom A/S with retrospective effect from 01.01.2018.

All physical activities in the former locations of Smartweb ApS and ActiveWebs A/S has ceased and have been migrated to the existing location of Zitcom A/S (Højvangen 4, 8660 Skanderborg).

OUTLOOK

Management expects an increase in both revenue and profit in 2019 and is planning to further expand the presence in the Nordic hosting market via further growth. Revenue for 2019 is expected to end in the range between 370 m.dkk and 400 m.dkk with a profit after tax in the range between 60 m.dkk and 80 m.dkk.

The strong uplift in both revenue and profit is primarily coming from acquisitions and mergers, but also from continued organic growth.

Management expects to continue the active M&A strategy in 2019 and it is likely that further M&A activity and subsequent mergers into Zitcom A/S will take place during the year.

Financial performance in the first months of 2019 supports the outlook for the year and management is satisfied with the development, both compared to historical periods and the budget.

Management commentary

PARTICULAR RISKS

Management is not aware of anything of particular risk to the company's presence is the Danish SME hosting market and also no risk that impacts the growth plans for the coming years. All acquired companies are carefully integrated into the existing platform and framework, and the migration is continuously being monitored and tracked.

INTELLECTUAL CAPITAL RESOURCES

As a knowledge-intensive group, it is crucial for Zitcom to have highly skilled employees with an extensive know-how within the business. Future earnings in the group is dependent on the right mix of employees. That is why Zitcom Group has an ambition to hire the best people and also continuously train the existing workforce within their specific center of competence.

ENVIRONMENTAL PERFORMANCE

Zitcom Group has the ambition to run the most energy efficient business. The group is doing so by re-using equipment to the largest extent possible, but with having in mind that the operations should run on the most energy efficient way. Especially the use of electricity consumption is a key metric for the group, which has also been recognized via several governmental subsidies taking its base in optimization of energy consumption.

RESEARCH AND DEVELOPMENT ACTIVITIES

Software is being developed which comprise software, including control panels, payment systems and internal systems developed to create more efficiency and simplified processes and also to sell solutions to customers all together to create a better customer experience. Development projects in progress amounts to t.dkk. 3.134.769 as of 31 December 2018.

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.

Income statement

DKK	Notes	2018	2017
Revenue		321.037.326	183.137.005
Cost of sales		-94.229.774	-60.146.144
Other external expenses		-27.962.714	-16.864.595
Gross profit/loss		198.844.838	106.126.266
Staff costs	1	-68.009.303	-38.299.144
Depreciation, amortisation and impairment losses	2	-41.991.159	-18.379.269
Operating profit/loss		88.844.376	49.447.853
Other financial income	3	1.464.052	366.439
Other financial expenses	4	-1.211.524	-657.378
Profit/loss before tax		89.096.904	49.156.914
Tax on profit/loss for the year	5	-20.474.563	-11.511.984
Profit/loss for the year	6	68.622.341	37.644.930

Balance sheet – assets

DKK	Notes	2018	2017
Intangible assets			
Acquired intangible assets		499.936	221.541
Goodwill		26.188.863	16.836.525
Completed development projects		11.477.585	3.604.448
Development projects in progress		3.134.769	321.444
Total intangible assets	7	41.301.153	20.983.958
Property, plant and equipment			
Other fixtures and fittings, tools and equipment		51.973.987	39.246.859
Leasehold improvements		304.595	350.792
Total property, plant and equipment	8	52.278.582	39.597.651
Fixed asset investments			
Deposit		2.881.884	2.379.652
Other investments		10.000	10.000
Total fixed asset investments	9	2.891.884	2.389.652
Total fixed assets		96.471.619	62.971.261
Receivables			
Trade receivables		26.973.684	18.699.661
Receivables from group enterprises		55.024.963	15.296.465
Deferred tax	10	91.261	461.544
Other short-term receivables		778.691	394.861
Prepayments	11	9.584.172	7.491.985
Total receivables		92.452.771	42.344.516
Cash		73.560.307	13.699.819
Total current assets		166.013.078	56.044.335
Total assets		262.484.697	119.015.596

Balance sheet - equity and liabilities

DKK	Notes	2018	2017
Equity			
Contributed capital		1.013.000	1.010.500
Reserve for development expenditures		10.158.438	3.062.196
Retained earnings		39.790.894	11.650.532
Total equity		50.962.332	15.723.228
Non-current liabilities other than provision			
Finance lease liabilities		19.599.971	13.146.869
Total non-current liabilities other than provision	12	19.599.971	13.146.869
Current liabilities other than provisions			
Current portion of long-term liabilities other than provisions	12	14.827.693	11.004.876
Bank loans		301.181	379.779
Trade payables		28.867.467	13.705.913
Payables to group enterprises		1.894.896	12.346.598
Joint taxation contribution payable		30.281.261	10.552.954
Other payables	13	22.440.113	9.119.925
Accrued expenses		3.976.507	3.077.880
Deferred income	14	89.333.276	29.957.574
Total current liabilities other than provisions		191.922.394	90.145.499
Liabilities other than provisions		211.522.365	103.292.368
Total equity and liabilities		262.484.697	119.015.596
Unrecognized rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral regarding group enterprises	17		
Related parties with control	18		
Consolidation	19		
Transactions with related parties	20		

Statement of changes in equity for 2018

DKK	Contributed capital	Retained earnings	Proposed extraordinary dividend	Reserve for development expenditures	Total
Equity beginning of year	1.010.500	11.650.532	-	3.062.196	15.723.228
Effect from mergers	2.500	2.746.952	-	4.258.425	7.007.877
Equity beginning of year after mergers	1.013.000	14.397.484	-	7.320.621	22.731.105
Extraordinary dividend paid	-	-	-40.500.000	-	-40.500.000
Tax free contribution	-	108.886	-	-	108.886
Profit/loss for the year	-	25.284.524	40.500.000	2.837.817	68.622.341
Equity end of year	1.013.000	39.790.894	-	10.158.438	50.962.332

Notes

DKK	2018	2017
1. Staff costs		
Wages and salaries	69.320.318	38.213.777
Pension costs	6.471.143	3.296.863
Other social security costs	1.316.591	696.397
Other staff costs	753.070	523.810
Staff costs transfered to assets	-9.851.819	-4.431.703
	68.009.303	38.299.144
Average number of employees	190	85

Remuneration of management (Executive Board) 2018, 1.936.715 DKK.

Referring to S. 98 of the Danish Financial Statements Act regarding 2017, Disclosures on Management's remuneration have been omitted.

DKK	2018	2017
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	16.098.346	3.394.189
Depreciation of property, plant and equipment	26.176.733	15.590.442
Profit/loss from sale of intangible assets and property, plant and equipment	-283.920	-605.362
	41.991.159	18.379.269

DKK	2018	2017
3. Other financial income		
Financial income arising from group enterprises	1.296.946	339.842
Other financial income	167.106	26.597
	1.464.052	366.439

DKK	2018	2017
4. Other financial expenses		
Financial expenses from group enterprises	161.624	26.048
Interest expenses	161.040	76.451
Other financial expenses	888.860	554.879
	1.211.524	657.378

Notes

DKK	2018	2017
5. Tax on profit/loss for the year		
Tax on current year taxable income	21.702.274	9.781.596
Change in deferred tax for the year	-1.238.359	1.730.388
Adjustments concerning previous years	10.648	0
	20.474.563	11.511.984

The change in deferred tax for the year also comprise the change regarding the opening balance for the merged companies.

DKK	2018	2017
6. Proposed distribution of profit/loss		
Retained earnings	25.284.524	2.588.545
Extraordinary dividend	40.500.000	32.500.000
Reserve for development expenditures	2.837.817	2.556.385
	68.622.341	37.644.930

Dividend distributed after 31 December 2018	0	10.000.000

DKK	Acquired intangible assets	Goodwil
7. Intangible assets		
Cost beginning of year	6.550.215	26.467.678
Additions from mergers	976.464	14.224.454
Additions	-	779.500
Disposals	-	-1.345.454
Cost end of year	7.526.679	40.126.178
Amortisation and impairment losses beginning of year	-6.328.674	-9.631.153
Amortization from mergers	-382.165	-1.718.136
Amortisation for the year	-315.904	-4.317.710
Reversal regarding disposals	-	1.729.684
Amortisation and impairment losses end of year	-7.026.743	-13.937.315
Carrying amount end of year	499.936	26.188.863

Goodwill is recognized when acquisitions are made. Management has estimated the useful life and the amortization period regarding the goodwill. Based on the acquired company's business activity, customer base, customer mix and synergy possibilities Management has estimated the useful life to 5-10 years. Useful life is reassessed continuously by Management.

Notes

DKK	Completed development projects	Development projects in progress
7. Intangible assets, continued		
Cost beginning of year	4.110.259	321.444
Additions from mergers	55.283.285	907.183
Additions	7.321.840	3.134.769
Transfers	1.228.627	-1.228.627
Cost end of year	67.944.011	3.134.769
Amortisation and impairment losses beginning of year	-505.811	-
Amortization from mergers	-44.495.883	-
Amortisation for the year	-11.464.732	-
Amortisation and impairment losses end of year	-56.466.426	-
Carrying amount end of year	11.477.585	3.134.769

Development projects

Development projects in progress amounts to t.dkk. 3.135 as of 31 December 2018 and is to be finalized in Q1 2019.

Development projects comprise software, including control panels, payment systems and internal systems developed to create more efficiency and simplified processes and also to sell solutions to customers all together to create a better customer experience. Software and solutions are developed with base in market and customer demands and therefore has proven potential already prior to the development of the project.

The developed software is divided into separate projetcs where the individual projects are identificable and follow their own course, including start-up, progress and completion.

The developed software must be seen as an integrated part of the company's DNA, whereby revenue and earnings follow the company's overall budgets and forecasts. Due to the financial performance there are no identified indicators of a need for impairment.

Notes

DKK	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
8. Property, plant and equipment		
Cost beginning of year	91.021.408	386.508
Additions from merger	60.049.659	8.869.563
Additions	34.811.088	18.224
Disposals	-36.011.334	-948.648
Cost end of year	149.870.821	8.325.647
Depreciation and impairment losses beginning of year	-51.774.549	-35.716
Depreciation from merger	-56.479.651	-8.411.221
Depreciation for the year	-25.653.970	-522.762
Reversal regarding disposals	36.011.336	948.647
Depreciation and impairment losses end of year	-97.896.834	-8.021.052
Carrying amount end of year	51.973.987	304.595
Recognised assets not owned by entity	29.047.351	-

DKK	Other investments	Deposit
9. Fixed asset investments		
Cost beginning of year	10.000	2.379.652
Additions from merger	-	1.035.463
Additions	-	-
Disposals	-	-533.231
Cost end of year	10.000	2.881.884
Carrying amount end of year	10.000	2.881.884

Notes

DKK	2018	2017
10. Deferred tax		
Intangible assets	3.077.912	-597.149
Property, plant and equipment	-3.293.024	1.482.372
Leasehold improvements	-79.709	0
Other deductbile temporary differences	203.560	0
Tax losses carried forward	0	-423.679
	-91.261	461.544

11. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

Prepayments are measured at cost.

DKK	Instalments within 12 months 2017	Instalments within 12 months 2018	Instalments beyond 12 months 2018
12. Long-term liabilities other than provision			
Finance lease liabilities	11.004.876	14.827.693	19.599.971
	11.004.876	14.827.693	19.599.971

No long-term liabilities beyond 5 years.

DKK	2018	2017
13. Other payables		
VAT and duties	11.964.631	2.816.718
Wages and salaries, personal income taxes, social security costs, etc payable	10.475.482	6.303.207
	22.440.113	9.119.925

Notes

14. Deferred income

Deferred income comprise received income for recognition in subsequent financial years.
Deferred income are measured at cost.

DKK	2018	2017
15. Unrecognised rental and lease commitments		
Commitments under rental or leases until expiry	12.014.605	12.445.771

16. Contingent liabilities

The Company is part of a Danish joint taxation which has been with two difference tax principals during the year due to shift in ownership:

Tax principal:	Period:
Zitcom HoldCo ApS	01.01.18 – 26.02.18
Combell Holding ApS	27.02.18 – 31.12.18

According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The total net liability is incorporated in the accounts for the above-mentioned tax principals.

17. Assets charged and collateral regarding group enterprises

The Company has provided guarantees to Danske Bank for UnoEuro Danmark A/S maximized to t.dkk. 750.

18. Related parties with control

Related parties with a controlling interest: Zitcom HoldCo ApS, Højvangen 4, 8660 Skanderborg.

19. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Zitcom HoldCo ApS, Højvangen 4, 8660 Skanderborg.

20. Transactions with related parties

Information about transactions with related parties are only listed in the annual report if these transactions have not been carried out on a market term basis. There have not been conducted such transactions in the financial year.

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.

In 2018, Zitcom A/S has merged with UnoEuro Danmark A/S, DanDomain A/S, Surftown A/S, SmartWeb ApS and ActiveWebs ApS why the 2017 figures are not fully comparable to 2018.

Change in accounting principles

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognized 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 recognized 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.

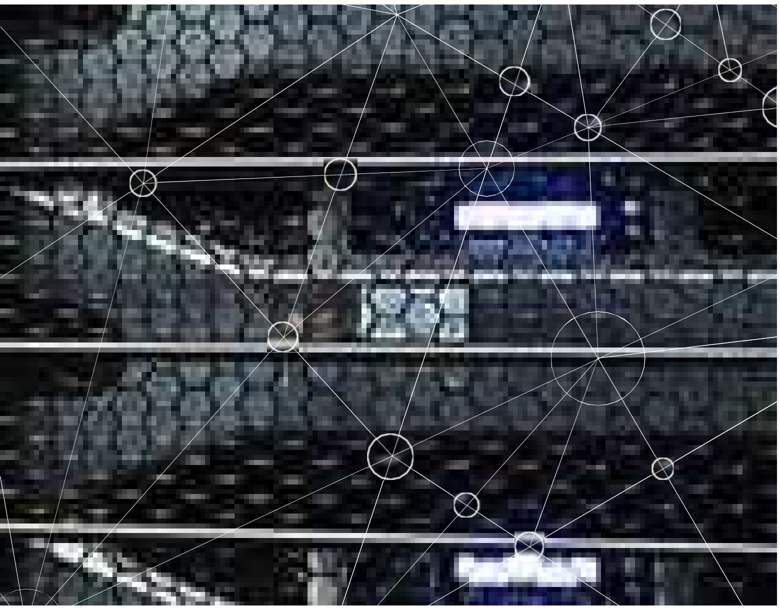
Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses.



Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Business combinations

Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognized under intangible assets, and they are amortized systematically over the income statement based on an individual assessment of their useful life. Negative balances (negative goodwill) are recognized as income in the income statement.

When acquisitions, mergers, demergers, asset transfers etc. are made, where the participating companies are controlled by the parent company the consolidation method is used, where the consolidation is considered carried out at the acquisition time without adjusting comparative figures. When using the consolidation method, the acquired companies' assets and liabilities are recognized at book value, adjusted for differences in accounting policies and accounting estimates. The difference between the agreed purchase price and the acquired companies' book value is booked in the equity.

Accounting policies

INCOME STATEMENT

Revenue

Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer.

Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Costs of raw materials and consumables comprise domains, internet access, software, etc. as well as costs directly attributable to realization of revenue for the year. Costs of sales also include write-down for bad debt recognized under current assets.

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.

Staff costs

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

Depreciation, amortization and impairment losses

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, 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 recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Income from investments in group enterprises

Income from associates comprises the pro rata share of the individual associates profit/loss after elimination of internal profit or losses.

BALANCE SHEET

Acquired intangible assets

Acquired rights are measured at cost less accumulated amortization. Rights are amortized on a straight-line basis over the estimated useful life of 3 years. Goodwill related to purchase price allocations is amortized over 10 years.

Acquired intangible assets is written down to the lower of recoverable amount and carrying amount.

Goodwill

Goodwill is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The useful life is determined based on an assessment of whether the strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognized as separate assets. Useful lives are reassessed annually. The amortization periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Development projects

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, 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 recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. When recognizing development projects as intangible assets, an amount equaling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortized and written down.

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

Completed development projects are amortized on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum amortization period is the remaining duration of the relevant rights. The amortization period used are 3 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.

Accounting policies

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognized 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 recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Cash

Cash comprises bank deposits and cash.

Dividend

Dividend is recognized as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognized in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortized cost. The difference between present value and nominal amount of the lease payments is recognized in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Accounting policies

Income tax receivable or payable

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

Deferred income

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

Cash flow statement

No cash flow statement has been included in the annual report as it is included in the cash flow statement in the consolidated financial statements of the parent Zitcom HoldCo ApS.