



# ZITCOM A/S

Danmarksvej 26  
8660 Skanderborg  
Central Business Registration  
No: 29412006

## Annual report 2016

The Annual General Meeting adopted the annual report on 23.05.2017

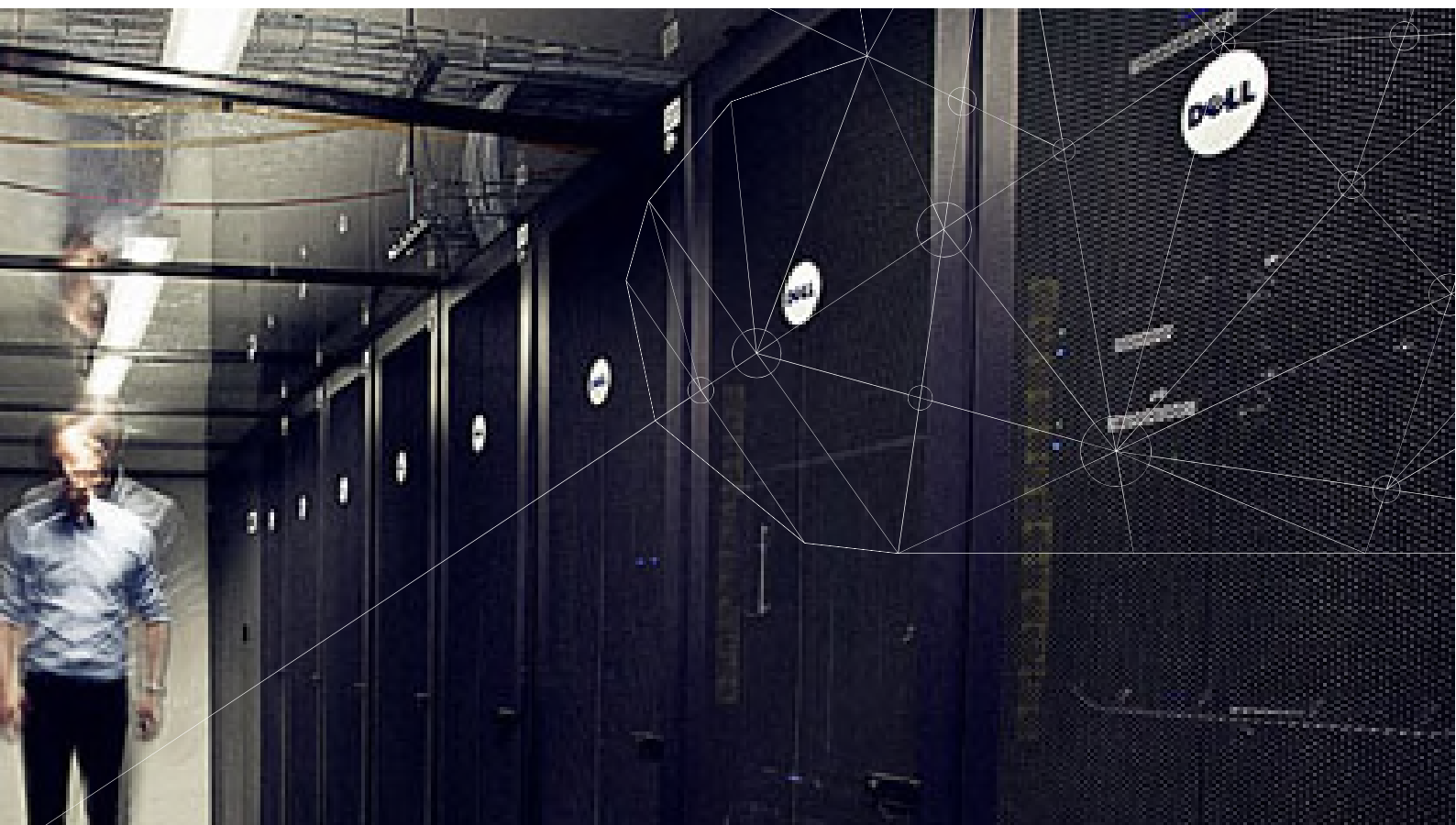
Chairman of the General Meeting



Name Claus Brandstrup

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# Entity details

## Entity

Zitcom A/S  
Danmarksvej 26  
8660 Skanderborg

Central Business Registration  
No: 29412006  
Registered in: Skanderborg  
Financial year: 01.01.2016 - 31.12.2016

## Board of Directors

Ole Pallesen Jensen  
Stefan Rosenlund  
Claus Brandstrup

## Executive Board

Stefan Rosenlund

## 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 01.01.2016 - 31.12.2016.

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

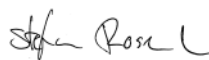
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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, 23.05.2017

## Executive Board



Stefan Rosenlund

## Board of Directors



Ole Pallesen Jensen



Stefan Rosenlund



Claus 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 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 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.



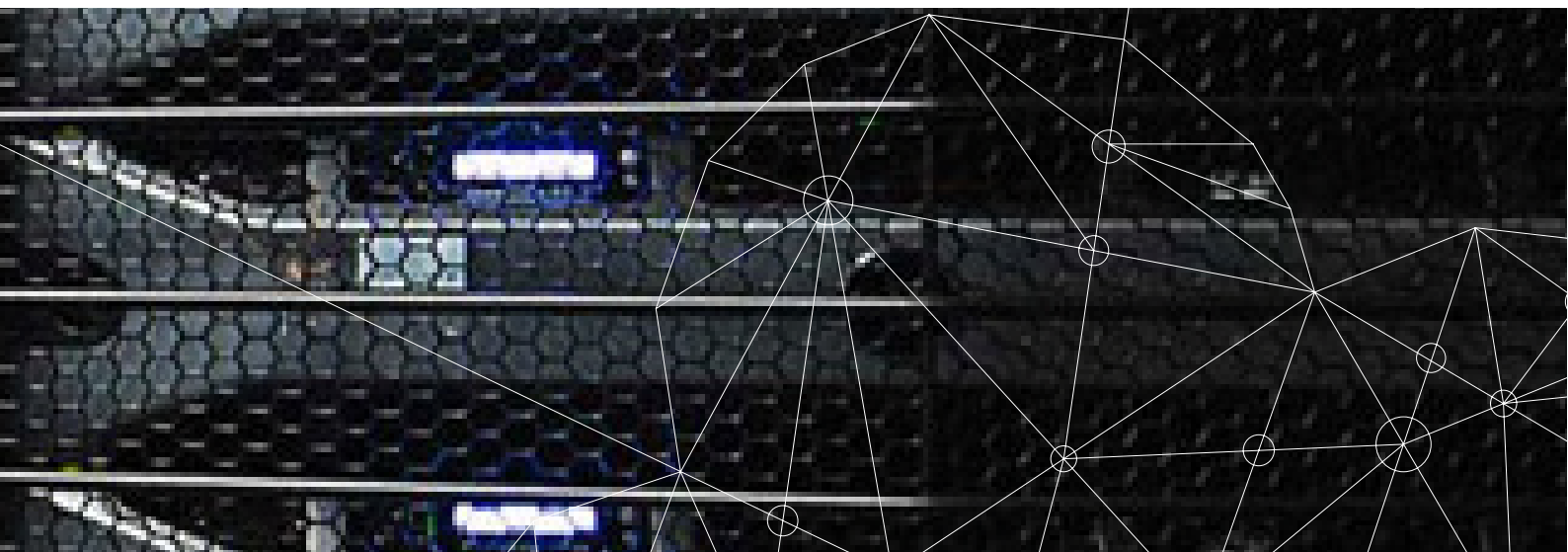
# Independent auditor's report

## 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:

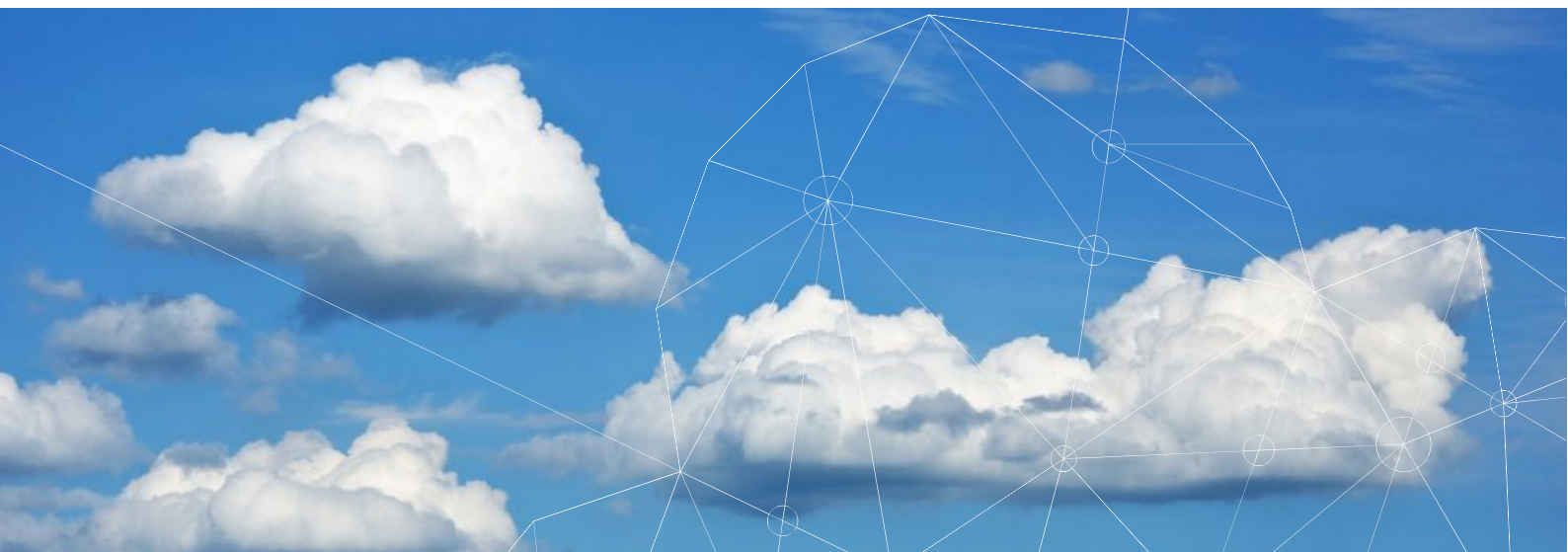
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 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 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, 23.05.2017

## Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Michael Bach  
State-Authorised Public Accountant





# Management commentary

## FINANCIAL HIGHLIGHTS

T.DKK	2016*	2015	2014	2013	2012
<b>INCOME STATEMENT</b>					
Revenue	172.670	83.243	80.798	72.764	63.867
Gross profit/loss	100.512	47.059	51.070	46.134	44.047
Operating profit/loss	46.035	5.766	16.531	15.018	16.780
Net financials	595	-1.091	-1.036	-625	-778
Profit/loss for the year	38.267	1.536	11.906	11.322	11.997

T.DKK

## BALANCE SHEET

Total assets	87.723	50.350	90.799	97.542	75.697
Investments in property, plant and equipment	16.967	6.120	5.648	14.347	9.990
Equity	10.578	4.536	41.906	46.134	36.294
Invested capital incl. goodwill	22.451	12.706	75.607	76.340	53.138
Interest bearing debt, net	938	-575	27.559	28.701	16.537

## RATIOS

Gross margin (%)	58,2	56,5	63,2	63,4	69,0
Net margin (%)	22,2	1,8	14,7	15,6	18,8
Return on invested capital incl. goodwill (%)	274,8	20,2	26,9	23,8	31,6
Turnover invested capital	9,8	1,9	1,1	1,0	1,2
Financial gearing (%)	0,1	0,0	0,7	0,6	0,5
Return on equity (%)	506,4	6,6	27,0	27,5	38,7
Solvency ratio (%)	12,1	9,0	46,2	47,3	47,9
Revenue per employee	2.333	1.936	1.879	1.775	1.774
Employees in average	74	43	43	41	36

\* 2016 comprise A/S ScanNet 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	RATIOS
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The entity's operating gearing
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability
Return on invested capital	$\frac{\text{EBITA} \times 100}{\text{Avr. invested capital incl. GW}}$	The return generated by the entity on the investors' funds
Invested capital incl. goodwill	$\frac{\text{Revenue}}{\text{Avr. invested capital incl. GW}}$	Turnover rate of capital employed by the entity
Financial gearing (%)	$\frac{\text{Net interest-bearing debt}}{\text{Avr. equity}}$	The entity's financial gearing
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Avr. equity}}$	The entity's return on capital invested in the Entity by the owners
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity
Revenue per employee	$\frac{\text{Revenue}}{\text{Avr. number of employees}}$	The entity's productivity

**EBITA** (Earnings Before Interest, Tax and Amortisation) 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 amortisation 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 2016 as strong as the revenue increased to t.dkk 172.670 compared to t.dkk 83.243 the year before and profit increased to t.dkk 38.267 from t.dkk 1.536.

The financial performance in 2016 was impacted by two overall effects:

1. Merger of Zitcom A/S and ScanNet A/S
2. Sale of property in Kolding (Former ScanNet head office)

ScanNet has been merged into Zitcom A/S with effective date of January 1st 2016 and during the process of merging the companies from a financial and tax related perspective, the process of merging the physical locations was initiated, which led to a sale of the property on Birkemose allé in Kolding.

The migration of ScanNet A/S into Zitcom A/S has required focus and a lot of the company's resources has been used for this purpose over the course of the year. The migration of the companies has happened faster than anticipated and management consider the migration a success and expects the last part of the physical migration to be finalized medio 2017 in which all activities related to the merged entity, Zitcom A/S operates out of Skanderborg.

Management is satisfied with the financial performance for 2016, which marks the first year as a combined entity.

## OUTLOOK

Management expects an increase in both revenue and profit in 2017 and is planning to further expand the presence in the Danish hosting market via further growth.

## 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.

## EVENT 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 for 2016

Note	DKK	2016	2015
	Revenue	172.669.802	83.242.821
	Cost of sales	-54.545.429	-29.722.708
	Other external expenses	-17.612.182	-6.460.830
	<b>Gross profit/loss</b>	<b>100.512.191</b>	<b>47.059.283</b>
1	Staff costs	-40.586.678	-20.957.377
2	Depreciation, amortisation and impairment losses	-13.890.984	-20.335.983
	<b>Operating profit/loss</b>	<b>46.034.528</b>	<b>5.765.923</b>
	Income from investments in associates	2.278.436	-
3	Other financial income	1.156.495	734.326
4	Other financial expenses	-561.758	-1.825.229
	<b>Profit/loss before tax</b>	<b>48.907.701</b>	<b>4.675.020</b>
5	Tax on profit/loss for the year	-10.640.369	-3.139.335
	<b>Profit/loss for the year</b>	<b>38.267.332</b>	<b>1.535.685</b>
<b>Proposed distribution of profit/loss</b>			
	Extraordinary dividend	46.944.490	27.000.000
	Retained earnings	-8.677.158	-25.464.315
		<b>38.267.332</b>	<b>1.535.685</b>



# Balance sheet

## - assets

Note	31.12.16	31.12.15	
	<b>Intangible assets</b>		
	Acquired intangible assets	270.241	493.871
	Goodwill	1.894.299	3.642.884
6	<b>Total intangible assets</b>	<b>2.164.540</b>	<b>4.136.755</b>
	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	20.703.400	9.636.872
7	<b>Total property, plant and equipment</b>	<b>20.703.400</b>	<b>9.636.872</b>
	<b>Fixed asset investments</b>		
	Deposit	35.800	-
8	<b>Total fixed asset investments</b>	<b>35.800</b>	<b>-</b>
	<b>Total fixed assets</b>	<b>22.903.740</b>	<b>13.773.627</b>
	<b>Receivables</b>		
	Trade receivables	12.870.088	7.712.961
	Receivables from group enterprises	8.144.025	1.819.801
9	Deferred tax assets	2.100.947	2.056.500
	Other short-term receivables	1.144.059	2.821.807
10	Prepayments	12.997.452	3.097.366
	<b>Total receivables</b>	<b>37.256.571</b>	<b>17.508.435</b>
	<b>Cash</b>	<b>27.562.779</b>	<b>19.067.872</b>
	<b>Total current assets</b>	<b>64.819.350</b>	<b>36.576.307</b>
	<b>Total assets</b>	<b>87.723.090</b>	<b>50.349.934</b>



# Balance sheet

## - equity and liabilities

Note	DKK	31.12.16	31.12.15
	Equity		
	Contributed capital	1.010.500	1.010.000
	Retained earnings	9.567.788	3.525.685
	<b>Total Equity</b>	<b>10.578.288</b>	<b>4.535.685</b>
	<b>Non-current liabilities other than provision</b>		
11	Finance lease liabilities	7.973.254	2.116.148
	<b>Total non-current liabilities other than provision</b>	<b>7.973.254</b>	<b>2.116.148</b>
	<b>Current liabilities other than provision</b>		
11	Current portion of long-term liabilities other than provisions	7.289.772	3.463.709
	Bank loans	430.821	7.199.781
	Trade payables	3.248.544	2.903.138
	Income tax payable	12.806.642	5.713.231
12	Other payables	8.267.868	5.918.739
	Accrued expenses	3.426.721	-
13	Deferred income	33.701.180	18.499.503
	<b>Total current liabilities other than provision</b>	<b>69.171.549</b>	<b>43.698.101</b>
	<b>Liabilities other than provisions</b>	<b>77.144.802</b>	<b>45.814.249</b>
	<b>Total equity and liabilities</b>	<b>87.723.090</b>	<b>50.349.934</b>
14	Unrecognised rental and lease commitments		
15	Contingent liabilities		
16	Assets charged and collateral		
17	Related parties with control		
18	Consolidation		
19	Transactions with related parties		





# Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Total DKK
Equity beginning of year	1.010.000	3.525.685	-	4.535.685
Effect from merger with A/S ScanNet	500	14.719.262	-	14.719.762
<b>Equity beginning of year after merger</b>	<b>1.010.500</b>	<b>18.244.947</b>	<b>-</b>	<b>19.255.447</b>
Extraordinary dividend paid	-	-	-46.944.490	-46.944.490
Profit/loss for the year	-	-8.677.158	46.944.490	38.267.332
<b>Equity end of year</b>	<b>1.010.500</b>	<b>9.567.789</b>	<b>-</b>	<b>10.578.289</b>



# Notes

## 1. Staff costs

DKK	2016	2015
Wages and salaries	36.211.628	19.492.470
Pension costs	3.097.666	963.140
Other social security costs	524.177	501.767
Other staff costs	753.207	-
	<b>40.586.678</b>	<b>20.957.377</b>
Average number of employees	<b>74</b>	<b>43</b>

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

## 2. Depreciation, amortisation and impairment losses

DKK	2016	2015
Amortisation of intangible assets	2.270.716	3.132.205
Depreciation of property, plant and equipment	11.810.979	8.985.291
Profit/loss from sale of intangible assets and property, plant and equipment	-190.711	8.218.487
	<b>13.890.984</b>	<b>20.335.983</b>

## 3. Other financial income

DKK	2016	2015
Financial income arising from group enterprises	956.506	654.302
Interest income	-	80.024
Other financial income	199.989	-
	<b>1.156.495</b>	<b>734.326</b>

## 4. Other financial expenses

DKK	2016	2015
Interest expenses	13.076	636.593
Other financial expenses	548.683	1.188.636
	<b>561.758</b>	<b>1.825.229</b>



# Notes

## 5. Tax on profit/loss for the year

DKK	2016	2015
Current tax	9.895.226	3.741.835
Change in deferred tax for the year	745.143	-602.500
	<b>10.640.369</b>	<b>3.139.335</b>

	Acquired intangible assets	Goodwill
DKK	DKK	DKK
<b>6. Intangible assets</b>		
Cost beginning of year	6.194.565	8.742.923
Additions	298.501	-
<b>Cost end of year</b>	<b>6.493.066</b>	<b>8.742.923</b>
Amortisation and impairment losses beginning of year	-5.700.694	-5.100.039
Amortisation for the year	-522.131	-1.748.585
<b>Amortisation and impairment losses end of year</b>	<b>-6.222.825</b>	<b>-6.848.624</b>
<b>Carrying amount end of year</b>	<b>270.241</b>	<b>1.894.299</b>



# Notes

Other fixtures and fittings,  
tools and equipment

<b>7. Property, plant and equipment</b>	DKK
Cost beginning of year	54.913.201
Disposals	-35.967.065
Additions from merger	20.711.140
Additions	16.967.433
<b>Cost end of year</b>	<b>56.624.709</b>
Depreciation and impairment losses beginning of year	-45.276.327
Depreciation from merger	-14.344.864
Depreciation for the year	-11.810.969
Reversal regarding disposals	35.510.852
<b>Depreciation and impairment losses end of year</b>	<b>-35.921.309</b>
<b>Carrying amount end of year</b>	<b>20.703.400</b>
Recognised assets not owned by entity	14.608.114

Deposit

<b>8. Fixed asset investments</b>	DKK
Cost beginning of year	-
Additions from merger	35.800
<b>Cost end of year</b>	<b>35.800</b>
<b>Carrying amount end of year</b>	<b>35.800</b>



# Notes

## 9. Deferred tax assets

DKK	31.12.16	31.12.15
Intangible assets	474.264	537.634
Property, plant and equipment	2.177.697	1.900.610
Receivables	-551.013	-381.744
	<b>2.100.947</b>	<b>2.056.500</b>

## 10. Prepayments

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

Instalments within 12 months 2015	Instalments within 12 months 2016	Instalments beyond 12 months 2016
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## 11. Long-term liabilities other than provision

	DKK	DKK	DKK
Finance lease liabilities	3.463.709	7.289.772	7.973.254
	<b>3.463.709</b>	<b>7.289.772</b>	<b>7.973.254</b>

## 12. Other payables

DKK	31.12.16	31.12.15
VAT and duties	2.397.474	1.148.945
Wages, salaries, personal income taxes, social security costs, etc.	4.657.043	2.314.244
Other costs payable	1.213.351	2.455.550
	<b>8.267.868</b>	<b>5.918.739</b>

## 13. Deferred income

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



# Notes

## 14. Unrecognised rental and lease commitments

DKK	2016	2015
Commitments under rental or leases until expiry	<b>2.674.495</b>	<b>4.672.500</b>

Commitments expires in November 2017

## 15. Contingent liabilities

The Company participates in a Danish joint taxation arrangement with Zitcom HoldCo ApS as the administration company. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## 16. Assets charged and collateral

The Company has provided guarantees to Danske Bank for Zitcom Group ApS.

Certain assets (current and non-current) has been pledges (negative pledge) as security for debt to Danske Bank.

## 17. Related parties with control

Related parties with a controlling interest: Zitcom Group ApS, Danmarksvej 26, 8660 Skanderborg





# Notes

## 18. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Zitcom HoldCo ApS, Tuborg Boulevard 1, 2900 Hellerup

## 19. 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 suchs 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.

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

In 2016, Zitcom A/S has merged with A/S ScanNet why the 2015 figures are not comparable to 2016

## 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.

## 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 recognised 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 recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised 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.



# Accounting policies

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

Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

## INCOME STATEMENT

### 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

Costs of raw materials and consumables comprise domains, internet access, software, etc. as well as costs directly attributable to realisation of revenue for the year. Costs of sales also include writedown for bad debt recognised 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.

### Amortisation, depreciation and impairment losses

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

### Income taxes

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

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).

## Income from investments in associates

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

## BALANCE SHEET

### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is five years.

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

### Acquired intangible assets

Acquired rights are measured at cost less accumulated amortisation. Rights are amortised on a straight-line basis over the estimated useful life of 3 years.

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

## Property, plant and equipment

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

## Receivables

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

## 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.



# Accounting policies

## Prepayments

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

## Cash

Cash comprises bank deposits.

## Dividend

Dividend is recognised 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 recognised 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 amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

## Operating leases

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

## Other financial liabilities

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

## Income tax receivable or payable

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.

## 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 Group ApS.

