



Group Online A/S

Metalbuen 66
2750 Ballerup
CVR No. 29414815

Annual report 2020

The Annual General Meeting adopted the
annual report on 18.03.2021

Morten Bachke Knudsen

Chairman of the General Meeting

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Entity details

Entity

Group Online A/S

Metalbuen 66

2750 Ballerup

CVR No.: 29414815

Registered office: Ballerup

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jens Albert Harsaae, Chairman

Rasmus Philip Buhl Lokvig, Deputy chairman

Jacob Sloth Bennedsen

Kenneth Stampe

Tanja Hammer Krogstrup

Jens Jørgen Hahn-Petersen

Executive Board

Kenneth Stampe, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Group Online A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Ballerup, 24.02.2021

Executive Board

Kenneth Stampe
CEO

Board of Directors

Jens Albert Harsaae
Chairman

Rasmus Philip Buhl Lokvig
Deputy chairman

Jacob Sloth Bennedsen

Kenneth Stampe

Tanja Hammer Krogstrup

Jens Jørgen Hahn-Petersen

Independent auditor's report

To the shareholder of Group Online A/S

Opinion

We have audited the financial statements of Group Online A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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.

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.
- 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.

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.

Copenhagen, 24.02.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) mne33276

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	82,078	86,211	85,663	93,445	83,410
Operating profit/loss	20,330	33,043	29,225	31,047	14,271
Net financials	(180)	31	74	73	40
Profit/loss for the year	19,937	25,790	22,823	24,277	11,110
Total assets	124,363	57,085	60,094	60,858	49,799
Investments in property, plant and equipment	1,804	0	0	0	0
Equity	51,549	12,805	26,039	26,216	12,940
Average number of employees	112	117	128	135	145
Ratios					
Return on equity (%)	61.96	132.79	87.35	124.00	77.9
Equity ratio (%)	41.45	22.43	43.33	43.08	25.98

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

Group Online A/S is the leading provider of websites and online marketing for small and medium-sized companies in Denmark. The primary activities include website production, search engine optimization, email solutions and advertising at Google and Facebook.

Development in activities and finances

During 2020, the Company acquired Plico A/S to expand the Group's current market position and planned growth. Also a new sales model was developed in 2020 which is expected to have full effect on the financial performance in 2021.

Gross profit for the year amount to DKK 82.1 million and the result after tax amounted to DKK 19.9 million. Equity amounted to DKK 51.5 million at 31 December 2020. Management consider the results satisfactory and in line with expectations.

Management expects the Company to grow sales and EBITDA in 2021 is expected in the range DKK 40 - 45 million.

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 for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		82,078,045	86,210,902
Staff costs	1	(59,494,392)	(50,662,242)
Depreciation, amortisation and impairment losses	2	(2,253,970)	(2,505,667)
Operating profit/loss		20,329,683	33,042,993
Income from investments in group enterprises		4,220,144	0
Other financial income		206,234	128,375
Other financial expenses		(386,047)	(97,290)
Profit/loss before tax		24,370,014	33,074,078
Tax on profit/loss for the year	3	(4,432,971)	(7,283,664)
Profit/loss for the year	4	19,937,043	25,790,414

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	6	2,444,564	2,472,659
Acquired intangible assets		9,281,019	0
Goodwill		0	0
Development projects in progress	6	204,688	0
Intangible assets	5	11,930,271	2,472,659
Other fixtures and fittings, tools and equipment		104,252	3,078
Leasehold improvements		1,497,233	0
Property, plant and equipment	7	1,601,485	3,078
Investments in group enterprises		44,222,904	0
Deposits		2,067,435	1,677,450
Other financial assets	8	46,290,339	1,677,450
Fixed assets		59,822,095	4,153,187
Trade receivables		27,367,117	39,709,570
Contract work in progress	9	24,362,093	0
Receivables from group enterprises		6,387,642	5,662,472
Deferred tax	10	0	1,530,331
Other receivables		823,848	600,599
Tax receivable		857,826	857,826
Prepayments	11	1,017,433	640,214
Receivables		60,815,959	49,001,012
Cash		3,725,162	3,930,834
Current assets		64,541,121	52,931,846
Assets		124,363,216	57,085,033

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		2,500,000	500,000
Reserve for net revaluation according to the equity method		4,220,144	0
Reserve for development expenditure		2,066,417	1,928,674
Retained earnings		42,762,571	(6,124,075)
Proposed dividend		0	16,500,000
Equity		51,549,132	12,804,599
Deferred tax	10	2,902,640	0
Provisions		2,902,640	0
Other payables		5,520,341	0
Non-current liabilities other than provisions	12	5,520,341	0
Trade payables		5,619,995	1,709,102
Payables to group enterprises		22,233,266	3,148,975
Other payables		16,736,830	13,227,025
Deferred income	13	19,801,012	26,195,332
Current liabilities other than provisions		64,391,103	44,280,434
Liabilities other than provisions		69,911,444	44,280,434
Equity and liabilities		124,363,216	57,085,033
Unrecognised rental and lease commitments	14		
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Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	500,000	0	1,926,080	350,271	16,500,000
Corrections of material errors	0	0	0	(6,471,752)	0
Adjusted equity, beginning of year	500,000	0	1,926,080	(6,121,481)	16,500,000
Increase of capital	2,000,000	0	0	33,307,490	0
Ordinary dividend paid	0	0	0	0	(16,500,000)
Transfer to reserves	0	0	140,337	(140,337)	0
Profit/loss for the year	0	4,220,144	0	15,716,899	0
Equity end of year	2,500,000	4,220,144	2,066,417	42,762,571	0

	Total DKK
Equity beginning of year	19,276,351
Corrections of material errors	(6,471,752)
Adjusted equity, beginning of year	12,804,599
Increase of capital	35,307,490
Ordinary dividend paid	(16,500,000)
Transfer to reserves	0
Profit/loss for the year	19,937,043
Equity end of year	51,549,132

Notes

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	59,893,670	51,763,592
Pension costs	638,294	613,171
Other social security costs	525,888	294,983
Other staff costs	651,040	462,496
	61,708,892	53,134,242
Staff costs classified as assets	(2,214,500)	(2,472,000)
	59,494,392	50,662,242

Average number of full-time employees	112	117
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	Remuneration of management 2020 DKK	Remuneration of management 2019 DKK
Total amount for management categories	2,026,254	1,682,760
	2,026,254	1,682,760

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	2,048,555	2,468,667
Depreciation of property, plant and equipment	205,415	37,000
	2,253,970	2,505,667

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	0	6,906,174
Change in deferred tax	4,432,971	369,762
Adjustment concerning previous years	0	7,728
	4,432,971	7,283,664

4 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	0	16,500,000
Extraordinary dividend distributed in the financial year	0	8,500,000
Retained earnings	19,937,043	790,414
	19,937,043	25,790,414

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	40,506,855	2,900,000	5,782,500	0
Additions	2,009,812	9,291,667	0	204,688
Disposals	0	0	(5,782,500)	0
Cost end of year	42,516,667	12,191,667	0	204,688
Amortisation and impairment losses beginning of year	(38,034,196)	(2,900,000)	(5,782,500)	0
Amortisation for the year	(2,037,907)	(10,648)	0	0
Reversal regarding disposals	0	0	5,782,500	0
Amortisation and impairment losses end of year	(40,072,103)	(2,910,648)	0	0
Carrying amount end of year	2,444,564	9,281,019	0	204,688

6 Development projects

As previous years the company has capitalized development costs. The company's development projects consists of internally developed software products used in the design and creation of webpages. The development cost is expected to add significant value til customer handling proces.

Costs are capitalized as incurred if this relates to the development projects. The company possess the resources and skills to complete the development.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	4,821,380	0
Additions	125,801	1,678,021
Cost end of year	4,947,181	1,678,021
Depreciation and impairment losses beginning of year	(4,818,302)	0
Depreciation for the year	(24,627)	(180,788)
Depreciation and impairment losses end of year	(4,842,929)	(180,788)
Carrying amount end of year	104,252	1,497,233

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	0	1,677,450
Addition through business combinations etc	40,002,760	0
Additions	0	389,985
Cost end of year	40,002,760	2,067,435
Amortisation of goodwill	(1,895,479)	0
Share of profit/loss for the year	6,115,623	0
Revaluations end of year	4,220,144	0
Carrying amount end of year	44,222,904	2,067,435

Goodwill additions in the period amounts to DKK 37.910 thousand. The carrying amount at year end 31.12.2020 amounts to DKK 36.015 thousands.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Plico A/S	Denmark	A/S	100

9 Contract work in progress

	2020 DKK	2019 DKK
Contract work in progress	24,362,093	0
	24,362,093	0

10 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	(402,188)	(177,921)
Property, plant and equipment	77,910	151,519
Receivables	(5,066,454)	(140,847)
Tax losses carried forward	2,488,092	0
Other taxable temporary differences	0	1,697,580
Deferred tax	(2,902,640)	1,530,331

	2020 DKK	2019 DKK
Changes during the year		
Beginning of year	1,530,331	74,728
Recognised in the income statement	(4,432,971)	(369,762)
Recognised directly in equity	0	1,825,365
End of year	(2,902,640)	1,530,331

The deferred tax asset in prior year is due to corrections of prior year misstatements.

11 Prepayments

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

12 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Other payables	5,520,341	5,520,341
	5,520,341	5,520,341

13 Deferred income

Deferred income consists of revenue to be recognized in future periods as the recognition criteria has not been completed yet.

14 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	20,039,538	23,903,000

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where "CC Globe Invest ApS" serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

16 Assets charged and collateral

Cash of DKK 134.667 is restricted as security for rental commitments.

17 Related parties with controlling interest

The following shareholders hold a significant influence on the Company:

- Danaweb International A/S, Metalbuen 66, 2750 Ballerup (Denmark)
- CC Globe Holding II A/S, Metalbuen 66, 2750 Ballerup (Denmark)
- CC Globe Holding I ApS, Metalbuen 66, 2750 Ballerup (Denmark)
- CC Globe Invest ApS, Metalbuen 66, 2750 Ballerup (Denmark)
- CataCap II K/S, Øster Allé 42, 7., 2100 København Ø (Denmark)

All transactions with related parties which have not been according with market conditions will be disclosed. There have been no such transactions in the financial year.

18 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
CC Globe Invest ApS

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
CC Globe Holding II A/S

Accounting policies

Reporting class

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

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

Reclassifications of items of the income statements and balance sheet have been made in the comparison year which have not affected profit.

Consolidated financial statements

Referring to 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Material errors in previous years

The accrual of income was incorrect in prior financial years. The error is corrected retrospectively and the comparative figures for 2019 have been adjusted accordingly. The adjustment has effected revenue for 2019 by DKK 580 thousands and profit after tax of 2019 by DKK 453 thousands. The equity at 1 January 2020 is negatively adjusted with DKK 6.472 thousands.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, work in progress, own work capitalised and external expenses.

Revenue

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has

been determined based on an assessment of whether the enterprises are 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 recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 3-5 years.

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

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

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

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

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are 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 recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years. Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Deferred income

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

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no consolidated cashflow statement have been prepared. A cashflow statement has been prepared for the Group CC Globe Holding II A/S (central business registration number: 40858865) that comprises the Entity and the subsidiaries.