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# ***Delegate A/S***

Hummeltoftevej 49-51, DK-2830 Virum

## **Annual Report for 1 January - 31 December 2021**

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CVR No 29 77 28 43

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
3 /8 2022

Jakob Schou  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Delegate A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Virum, 3 August 2022

## Executive Board

Jakob Schou  
CEO

Thomas Quistgaard  
Executive Officer

Peter Østergaard  
Executive Officer

## Board of Directors

Jean Yves Charlier  
Chairman

Peter Østergaard

George Frederik van Laar

# Independent Auditor's Report

To the Shareholder of Delegate A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Delegate A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## 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 misstate-

# Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

# Independent Auditor's Report

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.

Hellerup, 3 August 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen

statsautoriseret revisor

mne16675

Mads Blichfeldt Henriksen

statsautoriseret revisor

mne46065

## **Company Information**

### **The Company**

Delegate A/S  
Hummeltoftevej 49-51  
DK-2830 Virum

CVR No: 29 77 28 43

Financial period: 1 January - 31 December

### **Board of Directors**

Jean Yves Charlier, Chairman  
Peter Østergaard  
George Frederik van Laar

### **Executive Board**

Jakob Schou  
Thomas Quistgaard  
Peter Østergaard

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

|   | 01.01.21 -<br>31.12.21 | 01.10.19 -<br>31.12.20 | 2018/2019<br>TDKK | 2017/2018<br>TDKK | 2016/2017<br>TDKK |
|---|------------------------|------------------------|-------------------|-------------------|-------------------|
|   | TDKK                   | TDKK                   |                   |                   |                   |
| <b>Key figures</b>                          |                        |                        |                   |                   |                   |
| <b>Profit/loss</b>                          |                        |                        |                   |                   |                   |
| Gross profit/loss                           | 126.141                | 129.117                | 72.149            | 65.297            | 53.148            |
| Operating profit/loss                       | 17.821                 | 18.797                 | 7.489             | 10.950            | 8.191             |
| Net financials                              | -205                   | -329                   | -83               | -17               | -85               |
| Net profit/loss for the year                | 13.820                 | 14.354                 | 5.686             | 8.444             | 6.306             |
| <b>Balance sheet</b>                        |                        |                        |                   |                   |                   |
| Balance sheet total                         | 48.670                 | 54.499                 | 34.484            | 26.995            | 25.611            |
| Equity                                      | 18.288                 | 10.468                 | 10.900            | 11.666            | 9.522             |
| Investment in property, plant and equipment | 2.538                  | 2.760                  | 593               | 456               | 230               |
| Number of employees                         | 131                    | 99                     | 80                | 68                | 53                |
| <b>Ratios</b>                               |                        |                        |                   |                   |                   |
| Return on assets                            | 36,6%                  | 34,5%                  | 21,7%             | 40,6%             | 32,5%             |
| Solvency ratio                              | 37,6%                  | 19,2%                  | 31,6%             | 43,2%             | 37,2%             |
| Return on equity                            | 96,1%                  | 134,4%                 | 50,4%             | 79,7%             | 132,5%            |

In 2020 the Company changed the financial year from 01.10 - 30.09 to 01.01 - 31.12. The first financial year after the change is the period 01.10.19 - 31.12.20. Hereafter the financial year is 01.01.21 - 31.12.21. The change is due to a group establishment. The comparison figures are not adjusted.



# Management's Review

## Main activities

Delegate is a company delivering IT solutions based on Microsoft's platform in areas such as Big Data, IoT, Machine Learning, and Customer Experience Management to several companies and organizations. We help to develop and deploy tailored IT solutions to move customers' organization forward. Delegate has customers mainly in the Danish market, but also in other countries and has in 2021 started up more customer activities in Iceland.

At Delegate we have high focus on our employee satisfaction in everything we do, and we combine high professionalism with high employee satisfaction and well-being.

## Development in activities and financial matters

The income statement of the Company for 2021 shows a profit of DKK 13,819,937, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 18,287,520.

From a management perspective, Delegate continued to perform well in 2021 and saw a steep increase in the number of people in the team as well. This is the first full year of execution in the context of being part of Broad Horizon and we find the overall results satisfactory:

- Delegate delivered for 2021 according to 1.4% ahead of EBITDA expectations.
- A steep increase in the number of Delegates – from 125 to 175 in 2021
- Delegate did not in 2021 have any departments abroad.
- Employee satisfaction at an all-time high
- Very strong customer relations with some of the largest enterprises in Denmark. The customers bend over different areas, and therefore we don't see a risk going forward as Delegate does not depend on only one industry or few customers.
- Very promising partnerships with some of the other companies in the Broad Horizon group
- Winning the "Microsoft Partner of the Year in Denmark" award along with two other awards from the strategic partner Microsoft: "Data & AI" and "Low Code"

Covid-19 continued to impact the global economy all through the year. As in 2020, Delegate was able to continue to a positive development still and did not see a slowdown due to the pandemic. For 2022, we expect to continue the growth journey in the context of Broad Horizon and also heading the acquisition trail in the Nordics, with the aim of establishing the group in two more countries in the Nordics

# Management's Review

## Outlook

The management expect to continue growth at top and bottom line in 2022 and expect EBITDA improvement at above 20%. Also we expect Delegate in 2022 to start up Delegate NL to ensure future growth.

For 2022, we expect to continue the growth journey in the context of Broad Horizon and also heading the acquisition trail in the Nordics, with the aim of establishing the group in two more countries in the Nordics.

## Research and development activities

Throughout the year Delegate has not incurred considerable research and development cost, as main product is customer specific.

## Intellectual capital resources

Employees and talent is essential for Delegate to ensure strategy and execution. To ensure focus at the Talent at Delegate, we uses OfficeVibe to measure employee satisfaction. In 2022 based on 2021 Delegate also won the price in "Great Place to work" as "Denmark's best IT workplace" and "best female workplace in Denmark".

## Events subsequent to the financial year

Delegate has changed the account period after the sale of Delegate to Broad Horizon to be going from 1st of January – 31st of December. There has been no change in accounting principles but there has been made Group contribution and therefore the year-over-year comparison will not be comparable. Delegates 2020 period was for a 15 month period to align to this

Covid-19 continued to impact the global economy all through the year. As in 2020, Delegate was able to continue to a positive development still and did not see a slowdown due to the pandemic.

The management is observing the war at Ukraine but does expect this to have any mayor impact at Delegate.

No events occurred subsequent to the balance sheet date, which would have material impact on the financial position of the Company.

## Income Statement 1 January - 31 December

|  | Note | 01.01.21<br>31.12.21<br>DKK | 01.10.19<br>31.12.20<br>DKK |
|--|------|-----------------------------|-----------------------------|
| <b>Gross profit/loss</b>   |      | <b>126.141.174</b>          | <b>129.116.842</b>          |
| Staff expenses   | 1    | -107.022.084                | -109.448.807                |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 2    | -1.297.841                  | -870.551                    |
| <b>Profit/loss before financial income and expenses</b>  |      | <b>17.821.249</b>           | <b>18.797.484</b>           |
| Financial income   |      | 0                           | 1.045                       |
| Financial expenses   |      | -204.966                    | -330.037                    |
| <b>Profit/loss before tax</b>  |      | <b>17.616.283</b>           | <b>18.468.492</b>           |
| Tax on profit/loss for the year  | 3    | -3.796.346                  | -4.114.849                  |
| <b>Net profit/loss for the year</b>  |      | <b>13.819.937</b>           | <b>14.353.643</b>           |
| <b>Proposed distribution of profit</b>   |      |                             |                             |
| Proposed dividend for the year   |      | 10.000.000                  | 6.000.000                   |
| Retained earnings  |      | 3.819.937                   | 8.353.643                   |
|  |      | <b>13.819.937</b>           | <b>14.353.643</b>           |

## Balance Sheet 31 December

### Assets

|  | Note | 2021<br>DKK       | 2020<br>DKK       |
|--|------|-------------------|-------------------|
| Other fixtures and fittings, tools and equipment |      | 2.041.925         | 1.160.449         |
| Leasehold improvements                           |      | 1.870.286         | 1.511.296         |
| <b>Property, plant and equipment</b>             | 4    | <b>3.912.211</b>  | <b>2.671.745</b>  |
| Deposits   |      | 827.648           | 560.198           |
| <b>Fixed asset investments</b>                   | 5    | <b>827.648</b>    | <b>560.198</b>    |
| <b>Fixed assets</b>                              |      | <b>4.739.859</b>  | <b>3.231.943</b>  |
| Trade receivables                                |      | 41.194.721        | 23.914.250        |
| Receivables from group enterprises               |      | 809.678           | 0                 |
| Deferred tax asset                               | 6    | 138.394           | 75.434            |
| Prepayments                                      | 7    | 1.514.674         | 1.167.905         |
| <b>Receivables</b>                               |      | <b>43.657.467</b> | <b>25.157.589</b> |
| <b>Cash at bank and in hand</b>                  |      | <b>272.416</b>    | <b>26.109.315</b> |
| <b>Currents assets</b>                           |      | <b>43.929.883</b> | <b>51.266.904</b> |
| <b>Assets</b>                                    |      | <b>48.669.742</b> | <b>54.498.847</b> |

# Balance Sheet 31 December

## Liabilities and equity

|  | Note | 2021<br>DKK       | 2020<br>DKK       |
|--|------|-------------------|-------------------|
| Share capital  |      | 500.000           | 500.000           |
| Retained earnings  |      | 7.787.520         | 3.967.583         |
| Proposed dividend for the year                                 |      | 10.000.000        | 6.000.000         |
| <b>Equity</b>  |      | <b>18.287.520</b> | <b>10.467.583</b> |
| Other payables   |      | 5.385.357         | 6.158.273         |
| <b>Long-term debt</b>  | 9    | <b>5.385.357</b>  | <b>6.158.273</b>  |
| Credit institutions  |      | 0                 | 128.822           |
| Prepayments received from customers                            |      | 1.822.146         | 1.575.215         |
| Trade payables   |      | 2.942.797         | 3.178.300         |
| Payables to group enterprises                                  |      | 2.217.688         | 5.526.478         |
| Corporation tax  |      | 3.859.306         | 4.136.012         |
| Other payables   | 9    | 14.154.928        | 23.328.164        |
| <b>Short-term debt</b>   |      | <b>24.996.865</b> | <b>37.872.991</b> |
| <b>Debt</b>  |      | <b>30.382.222</b> | <b>44.031.264</b> |
| <b>Liabilities and equity</b>                                  |      | <b>48.669.742</b> | <b>54.498.847</b> |
| Distribution of profit   | 8    |                   |                   |
| Contingent assets, liabilities and other financial obligations | 10   |                   |                   |
| Accounting Policies  | 11   |                   |                   |

## Statement of Changes in Equity

|                              | Share capital  | Retained earnings | Proposed dividend for the year | Total             |
|------------------------------|----------------|-------------------|--------------------------------|-------------------|
|                              | DKK            | DKK               | DKK                            | DKK               |
| Equity at 1 January          | 500.000        | 3.967.583         | 6.000.000                      | 10.467.583        |
| Ordinary dividend paid       | 0              | 0                 | -6.000.000                     | -6.000.000        |
| Net profit/loss for the year | 0              | 3.819.937         | 10.000.000                     | 13.819.937        |
| <b>Equity at 31 December</b> | <b>500.000</b> | <b>7.787.520</b>  | <b>10.000.000</b>              | <b>18.287.520</b> |

## Notes to the Financial Statements

|   | 01.01.21<br>31.12.21<br>DKK | 01.10.19<br>31.12.20<br>DKK |
|---|-----------------------------|-----------------------------|
| <b>1 Staff expenses</b>   |                             |                             |
| Wages and salaries  | 96.994.206                  | 99.048.965                  |
| Pensions  | 5.203.913                   | 4.637.950                   |
| Other social security expenses  | 967.151                     | 877.967                     |
| Other staff expenses  | 3.856.814                   | 4.883.925                   |
|   | <b>107.022.084</b>          | <b>109.448.807</b>          |
| <br>  |                             |                             |
| <b>Average number of employees</b>  | <b>131</b>                  | <b>99</b>                   |
| <br>  |                             |                             |
| <b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b> |                             |                             |
| Depreciation of property, plant and equipment   | 1.297.841                   | 870.551                     |
|   | <b>1.297.841</b>            | <b>870.551</b>              |
| <br>  |                             |                             |
| <b>3 Tax on profit/loss for the year</b>  |                             |                             |
| Current tax for the year  | 3.859.306                   | 4.133.910                   |
| Deferred tax for the year   | -62.960                     | -19.061                     |
|   | <b>3.796.346</b>            | <b>4.114.849</b>            |

# Notes to the Financial Statements

## 4 Property, plant and equipment

|   | Other fixtures<br>and fittings,<br>tools and<br>equipment<br><u>DKK</u> | Leasehold<br>improvements<br><u>DKK</u> |
|---|---|---|
| Cost at 1 January                                 | 2.005.331   | 1.771.219                               |
| Additions for the year                            | <u>1.769.091</u>  | <u>769.216</u>                          |
| Cost at 31 December                               | <u>3.774.422</u>  | <u>2.540.435</u>                        |
| Impairment losses and depreciation at 1 January   | 844.882   | 259.923                                 |
| Depreciation for the year                         | <u>887.615</u>  | <u>410.226</u>                          |
| Impairment losses and depreciation at 31 December | <u>1.732.497</u>  | <u>670.149</u>                          |
| <b>Carrying amount at 31 December</b>             | <b><u>2.041.925</u></b>   | <b><u>1.870.286</u></b>                 |

## 5 Fixed asset investments

|                                       | <u>Deposits</u><br>DKK |
|---------------------------------------|------------------------|
| Cost at 1 January                     | 560.198                |
| Additions for the year                | 339.239                |
| Disposals for the year                | <u>-71.789</u>         |
| Cost at 31 December                   | <u>827.648</u>         |
| <b>Carrying amount at 31 December</b> | <b><u>827.648</u></b>  |

## 6 Deferred tax asset

|   | <u>2021</u><br>DKK    | <u>2020</u><br>DKK   |
|---|-----------------------|----------------------|
| Deferred tax asset at 1 January                         | 75.434                | 56.373               |
| Amounts recognised in the income statement for the year | <u>62.960</u>         | <u>19.061</u>        |
| <b>Deferred tax asset at 31 December</b>                | <b><u>138.394</u></b> | <b><u>75.434</u></b> |

## 7 Prepayments

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



## Notes to the Financial Statements

|                                 | 01.01.21<br>31.12.21<br>DKK | 01.10.19<br>31.12.20<br>DKK |
|---------------------------------|-----------------------------|-----------------------------|
| <b>8 Distribution of profit</b> |                             |                             |
| Proposed dividend for the year  | 10.000.000                  | 6.000.000                   |
| Retained earnings               | 3.819.937                   | 8.353.643                   |
|                                 | <b>13.819.937</b>           | <b>14.353.643</b>           |

### 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

#### Other payables

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| After 5 years             | 5.385.357         | 6.158.273         |
| Long-term part            | 5.385.357         | 6.158.273         |
| Other short-term payables | 14.154.928        | 23.328.164        |
|                           | <b>19.540.285</b> | <b>29.486.437</b> |

### 10 Contingent assets, liabilities and other financial obligations

#### Charges and security

As a security for debt to credit institutions, the Company has granted a floating charge of t.DKK 5,000. The floating charge comprise trade receivables and property plant and equipment totaling t.DKK 45,107.

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

|                       |                   |                  |
|-----------------------|-------------------|------------------|
| Within 1 year         | 4.289.590         | 1.221.061        |
| Between 1 and 5 years | 10.298.848        | 3.764.939        |
|                       | <b>14.588.438</b> | <b>4.986.000</b> |

#### Other contingent liabilities

The group's companies are jointly and severally liable for tax on the group's jointly taxed income etc. The group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation tax and withholding tax may result in the company's liability amounting to a larger amount.

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of Delegate A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Income Statement

#### Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales comprise subcontractors, task-specific travel costs, purchases for resale, etc.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

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

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### **Fixed asset investments**

Fixed asset investments consist of deposits.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

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

### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Financial Highlights

#### Explanation of financial ratios

|                  |  |
|------------------|--|
| Return on assets | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$       |
| Solvency ratio   | $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$      |