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# *Delegate A/S*

Hummeltoftevej 49-51, DK-2830 Virum

## Annual Report for 2023

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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 8/7 2024

Mads Højborg  
Chairman of the  
general meeting



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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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 8 July 2024

## Executive Board

Mads Højborg  
CEO

Thomas Quistgaard

Peter Østergaard

## Board of Directors

Jean Yves Charlier  
Chairman

Helle Sasser Jørgensen

Peter Østergaard

Marc Grasso

# 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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 Financial 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 misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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.

# 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 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 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, 8 July 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen  
State Authorised Public Accountant  
mne16675

Mads Blichfeldt Fjord  
State Authorised Public Accountant  
mne46065

## Company information

<b>The Company</b>	Delegate A/S Hummeltoftevej 49-51 2830 Virum  CVR No: 29 77 28 43 Financial period: 1 January - 31 December Incorporated: 1 August 2006 Financial year: 17th financial year Municipality of reg. office: Lyngby-Taarbæk Kommune
<b>Board of Directors</b>	Jean Yves Charlier, chairman Helle Sasser Jørgensen Peter Østergaard Marc Grasso
<b>Executive Board</b>	Mads Højborg Thomas Quistgaard Peter Østergaard
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2019/20	2018/19
	TDKK 12 months	TDKK 12 months	TDKK 12 months	TDKK 15 months	TDKK 12 months
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit	168,022	156,133	126,141	129,117	72,149
Profit/loss of primary operations	25,639	24,388	17,821	18,797	7,489
Profit/loss of financial income and expenses	-657	102	-205	-329	-83
Net profit/loss for the year	19,441	19,093	13,820	14,354	5,686
<b>Balance sheet</b>					
Balance sheet total	58,522	60,073	48,670	54,499	34,484
Investment in property, plant and equipment	734	1,642	2,538	2,760	593
Equity	21,821	27,380	18,288	10,468	10,900
Number of employees	182	170	131	99	80
<b>Ratios</b>					
Return on assets	43.8%	40.6%	36.6%	34.5%	21.7%
Solvency ratio	37.3%	45.6%	37.6%	19.2%	31.6%
Return on equity	79.0%	83.6%	96.1%	134.4%	50.4%

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. The comparison figures are not adjusted.

# Management's review

## Key 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 customer mainly at the Danish market, but also in other countries.

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

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 19,440,777, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 21,820,813.

The management has high focus on creating the foundation for Delegate for further growth. In first half of 2023, Delegate experienced a worsening of market conditions, a.o. from the war in Ukraine, increase in energy prize and more. While market conditions remained a challenge throughout all of 2023, the Company learned how to maneuver in that space and results improved. In H2 Delegate was back to perform according to normal. The EBITDA for the year was 25,6 million DKK which is in line with the expectations set in the annual report for 2022.

## Outlook

For 2023, we expect to continue the growth journey in the context of Broad Horizon with both organic and inorganic growth.

The expectation for 2024 is EBITDA in the range 25,5 - 27million DKK.

## Research and development

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

## Intellectual capital resources

Employees and talent are essential for Delegate to ensure strategy and execution. To ensure focus at the Talent at Delegate, we uses OfficeVibe to measure employee satisfaction and has maintained high employee satisfaction.

## Subsequent events

There has been no change in accounting principles. The Group contribution has been adjusted.

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	2023	2022
		DKK	DKK
<b>Gross profit</b>		<b>168,022,198</b>	<b>156,133,037</b>
Staff expenses	1	-140,533,141	-130,016,049
Depreciation and impairment losses of property, plant and equipment		-1,850,382	-1,729,379
<b>Profit/loss before financial income and expenses</b>		<b>25,638,675</b>	<b>24,387,609</b>
Income from investments in subsidiaries		-291,685	291,685
Financial income		124,772	54,502
Financial expenses		-490,347	-244,151
<b>Profit/loss before tax</b>		<b>24,981,415</b>	<b>24,489,645</b>
Tax on profit/loss for the year	2	-5,540,638	-5,397,128
<b>Net profit/loss for the year</b>	<b>3</b>	<b>19,440,777</b>	<b>19,092,517</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		1,487,304	2,023,146
Leasehold improvements		1,221,552	1,802,151
<b>Property, plant and equipment</b>	4	<b>2,708,856</b>	<b>3,825,297</b>
Investments in subsidiaries	5	0	291,685
Deposits	6	837,765	894,294
<b>Fixed asset investments</b>		<b>837,765</b>	<b>1,185,979</b>
<b>Fixed assets</b>		<b>3,546,621</b>	<b>5,011,276</b>
Trade receivables		50,086,009	47,050,531
Receivables from group enterprises		451,152	6,244,143
Other receivables		366,202	276,303
Deferred tax asset	7	195,049	107,576
Prepayments	8	1,188,212	1,383,637
<b>Receivables</b>		<b>52,286,624</b>	<b>55,062,190</b>
<b>Cash at bank and in hand</b>		<b>2,688,690</b>	<b>0</b>
<b>Current assets</b>		<b>54,975,314</b>	<b>55,062,190</b>
<b>Assets</b>		<b>58,521,935</b>	<b>60,073,466</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		500,000	500,000
Reserve for net revaluation under the equity method		0	291,678
Retained earnings		6,320,813	1,588,358
Proposed dividend for the year		15,000,000	25,000,000
<b>Equity</b>		<b>21,820,813</b>	<b>27,380,036</b>
Other payables		3,082,099	5,230,936
<b>Long-term debt</b>	9	<b>3,082,099</b>	<b>5,230,936</b>
Credit institutions		0	165,463
Prepayments received from customers		169,739	2,624,571
Trade payables		4,934,655	3,264,656
Payables to group enterprises		6,949,110	1,031,030
Corporation tax		5,328,111	5,366,310
Other payables	9	16,237,408	15,010,464
<b>Short-term debt</b>		<b>33,619,023</b>	<b>27,462,494</b>
<b>Debt</b>		<b>36,701,122</b>	<b>32,693,430</b>
<b>Liabilities and equity</b>		<b>58,521,935</b>	<b>60,073,466</b>
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## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	291,678	1,588,358	25,000,000	27,380,036
Ordinary dividend paid	0	0	0	-25,000,000	-25,000,000
Net profit/loss for the year	0	-291,678	4,732,455	15,000,000	19,440,777
<b>Equity at 31 December</b>	<b>500,000</b>	<b>0</b>	<b>6,320,813</b>	<b>15,000,000</b>	<b>21,820,813</b>

# Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	131,874,366	121,783,084
Pensions	7,179,984	6,800,496
Other social security expenses	1,359,562	1,385,146
Other staff expenses	119,229	47,323
	<u>140,533,141</u>	<u>130,016,049</u>
Including remuneration to the Executive Board and Board of Directors	<u>6,285,692</u>	<u>6,509,503</u>
Average number of employees	<u>182</u>	<u>170</u>
	2023	2022
	DKK	DKK
<b>2. Income tax expense</b>		
Current tax for the year	5,628,111	5,366,310
Deferred tax for the year	-87,473	30,818
	<u>5,540,638</u>	<u>5,397,128</u>
	2023	2022
	DKK	DKK
<b>3. Profit allocation</b>		
Proposed dividend for the year	15,000,000	25,000,000
Reserve for net revaluation under the equity method	-291,678	291,678
Retained earnings	4,732,455	-6,199,161
	<u>19,440,777</u>	<u>19,092,517</u>

# Notes to the Financial Statements

## 4. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	4,929,370	3,027,952
Additions for the year	722,343	11,598
Cost at 31 December	<u>5,651,713</u>	<u>3,039,550</u>
Impairment losses and depreciation at 1 January	2,906,224	1,225,801
Depreciation for the year	1,258,185	592,197
Impairment losses and depreciation at 31 December	<u>4,164,409</u>	<u>1,817,998</u>
<b>Carrying amount at 31 December</b>	<b><u>1,487,304</u></b>	<b><u>1,221,552</u></b>
	<u>2023</u>	<u>2022</u>
	DKK	DKK

## 5. Investments in subsidiaries

Cost at 1 January	7	0
Additions for the year	0	7
Cost at 31 December	<u>7</u>	<u>7</u>
Value adjustments at 1 January	291,678	0
Net profit/loss for the year	-291,685	291,678
Value adjustments at 31 December	<u>-7</u>	<u>291,678</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>291,685</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Delegate Netherlands B.V.	Netherlands	100%

# Notes to the Financial Statements

## 6. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	894,294
Disposals for the year	-56,529
Cost at 31 December	<u>837,765</u>
<b>Carrying amount at 31 December</b>	<b><u>837,765</u></b>

## 7. Deferred tax asset

	2023	2022
	DKK	DKK
Deferred tax asset at 1 January	107,576	138,394
Amounts recognised in the income statement for the year	87,473	-30,818
<b>Deferred tax asset at 31 December</b>	<b><u>195,049</u></b>	<b><u>107,576</u></b>

The deferred tax asset amounts to DKK 195k and is related to the Danish entity. The deferred tax asset partially consists of timing differences between the tax value and accounting value of fixed asset investments and partially of tax losses to carry forward.

The deferred tax asset is recognised under the assumption that the profitability of Delegate A/S's operations will be realized as expected.

## 8. Prepayments

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

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>9. Long-term debt</b>		
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:		
<b>Other payables</b>		
After 5 years	3,082,099	5,230,936
Long-term part	3,082,099	5,230,936
Other short-term payables	16,237,408	15,010,464
	<u>19,319,507</u>	<u>20,241,400</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>10. Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with bankers:		
Property, plant and equipment	2,708,856	0
Delegate A/S has provided company charge amounting to TDKK 5,000 as security for debt.		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	5,240,612	5,659,912
Between 1 and 5 years	8,006,772	8,632,723
	<u>13,247,384</u>	<u>14,292,635</u>
<b>Guarantee obligations</b>		
Payment guarantee provided to Danica Ejendomsselskab ApS	1,042,910	1,042,910
The company has provided a surety for the affiliated company Projectum ApS' debt to credit institutions.		



# Notes to the Financial Statements

2023	2022
DKK	DKK

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

### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Broad Horizon Denmark ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 11. Related parties and disclosure of consolidated financial statements

### Basis

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#### Controlling interest

The Digital Neighborhood Holding B.V.

Capital owner (Majority)

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
The Digital Neighborhood Holding B.V.	Netherlands

The Group Annual Report of The Digital Neighborhood Holding B.V. may be obtained at the following address:

Keienbergweg 100  
1101 GH Amsterdam  
Netherlands

# Notes to the Financial Statements

## 12. Accounting policies

The Annual Report of Delegate A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2023 are presented in DKK.

### Changes in accounting policies

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes.

Comparative figures have been adjusted accordingly.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of The Digital Neighborhood Holding B.V., the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of The Digital Neighborhood Holding B.V., the Company has not prepared a cash flow statement.

### 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.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

## 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.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables 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

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of goods sold and other external expenses.

### Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

# Notes to the Financial Statements

## Amortisation, depreciation and impairment losses

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

## Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Broad Horizon Denmark ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## 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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

### Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

# Notes to the Financial Statements

## Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Other fixed asset investments

Other 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.

## Equity

### Dividend

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

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Loans, such as 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	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$