Dangroup ApS

Skodsborg Strandvej 182, 2942 Skodsborg

CVR no. 29 93 07 59

Annual report 2018

Approved at the Company's annual general meeting on 28 May 2019

Chairman:

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The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Dangroup ApS for the financial year 1 January - 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2018 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Svendborg, 28 May 2019
Executive Board:

Per-Erik Edvard Svehag	Søren Pedersen

Independent auditor's report

To the shareholders of Dangroup ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dangroup ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the 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 of the Management's review.

Odense, 28 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Schougaard Sørensen
State Authorised Public Accountant
mne32129

Management's review

Company details

Name	Dangroup ApS
Address, Postal code, City	Skodsborg Strandvej 182, 2942 Skodsborg
CVR no.	29 93 07 59
Established	30 September 2006
Registered office	Skodsborg
Financial year	1 January - 31 December
Website	www.dangroupinvest.com
E-mail	info@dangroupinvest.com
Telephone	+45 45 80 88 80
Executive Board	Per-Erik Edvard Svehag Søren Pedersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	30,425	531,524	510,903	703,477	451,165
Gross margin	-4,268	68,557	84,177	93,294	53,097
Net financials	21,739	-9,563	2,111	4,342	4,952
Profit/loss for the year	**815**	**245,360**	**24,237**	**32,516**	**5,702**
Total assets	313,366	360,910	229,437	234,277	206,268
Minority interests	1,941	0	658	897	568
Equity	**219,627**	**296,084**	**66,011**	**61,905**	**52,093**
Cash flows from operating activities	15,874	78,197	12,119	17,020	2,583
Net cash flows from investing activities	-141,401	119,683	-12,795	-7,427	-5,641
Cash flows from financing activities	-49,613	6,706	-25,533	-26,702	-15,083
Total cash flows	**-175,140**	**204,586**	**-26,209**	**-17,109**	**-18,141**
Financial ratios					
Gross margin	-14.0%	12.9%	16.5%	13.3%	11.8%
Equity ratio	69.5%	82.0%	28.5%	26.0%	25.0%
Return on equity	0.3%	136.1%	39.1%	56.8%	4.9%
Average number of employees	**47**	**100**	**92**	**86**	**89**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Management's review

Business review

The Group's principal activities comprise mainly of high technology equipment within the unmanned aircraft systems and solar energy solutions but also real-estates.

Recognition and measurement uncertainties

Intangible assets mainly consist of development projects within the unmanned aircraft systems business. The value of the intangible assets is based on the budget for 2019 and strategic plans for the coming years, the sales and profit within the UAS business will increase significantly, to a level that supports the book value of the intangible assets. The valuation is based on expectations of future profit, and hence there is a significant uncertainty related to the valuation.

Financial review

In 2018, the group's revenue amounted to DKK 30,425 thousand against DKK 531,524 thousand last year. The income statement for 2018 shows a profit of DKK 815 thousand against a profit of DKK 245,360 thousand last year, and the group's balance sheet at 31 December 2018 shows equity of DKK 219,627 thousand. The reasons for the decrease in profitability are mainly related to the fact that the largest part of the subsidiaries, the Danoffice IT sub group was sold, which created a one-off net book value gain of DKK 237,420 thousand last year.

The net losses in the subsidiary within the field of unmanned aircraft systems amounted for DKK 19,305 thousand (2017 net loss: DKK 11,004 thousand), which mainly came from lack of sales activity, as some projects were postponed into 2019, and the organization continuously growing, to match the increased activities within research and development of products to fit the sophisticated technology.

The newly acquired subsidiary within the field of Solar energy contributed as from mid-2018 with a net profit of DKK 420 thousand, and the organization is continuously growing to match the increased sales activities on the solar energy market.

The Group had positive cash flows from its operating activities of DKK 15,998 thousand (2017: DKK 78,197 thousand). The main reason for the decrease in cash flow compared with last year is the lower cash generated from operations, as the main activity coming from subsidiaries, which were sold at the end of 2017, combined with a decrease in net interest paid, an increase in net interest received, and also compensated by income tax received, and roll over from 2017.

The group continued in 2018 to invest in both current and non-current assets, and especially in the field of unmanned aircraft systems, the company continued to develop in new technology and products, with a total of DKK 8,050 thousand. New subsidiaries, and associated companies were acquired during the year during the year DKK 24,950 thousand, whereas DKK 25,000 thousand was received in dividends from associated companies.

Cash and cash equivalents, including short-term securities and investments end of the year hereafter amount to DKK 106,135 thousand, as the company paid DKK 79,000 thousand in dividends to the shareholders during 2018 and repaid on the long-term debts according to the installment plans. In 2019, so far, no interim dividends have been declared. The company has enough cash and short-term credit lines in place with its main banks to continue activity through-out 2019.

The group comprises five Danish subsidiaries and one subsidiary in Uganda. For further information on the individual companies, reference is made to note 11.

The group holds a stake of 100% in DanXX ApS, 93.98 % in Sky Watch A/S, and 90% of Dangroup Invest M&A ApS, and these companies are therefore part of the consolidated accounts together with the subsidiaries of these companies.

Special risks

Currency risks

Due to activities abroad, profit, cash flows and equity are affected by the development in exchange rates and interest rates for several currencies. It is group policy to hedge commercial currency risks. Speculative currency transactions are not made.

Management's review

Trade receivables

The company's credit period is generally long, as the company trades with not-for-profit organizations and governments. The payment pattern is typical of the industry. The required provision for bad debts has been made, and it is our assessment that trade receivables are not subject to any special risks.

Research and development activities

The group has significant development activities within the field of unmanned aircraft systems.

Statutory CSR report

The Group has a decentralized structure with two divisions, and the CSR work is anchored in the individual divisions and not in Dangroup ApS. Hence, there are no CSR policies in Dangroup ApS, including policies for human rights, social and labor rights, anti-corruption, environment and climate.

Sky-Watch A/S and GSOL Energy Global A/S are in a product development phase and the CSR policy will be developed as the activities of the companies increase. The policy will rely on UN's Global Compact.

DanXX ApS is currently a dormant company, and consequently there is no CSR policy available.

Dangroup Invest M&A ApS is a holding company without employees, hence no CSR policy available.

Account of the gender composition of Management

The Group has no Board of Directors and the Executive Board consists of only two members. Therefore, no goals and policies regarding gender quotation have been set up.

The company has only three employees at the end of the year and therefore no goals have been set up related to gender quotation on other executive levels as well.

In the subsidiaries, it is a long-term goal, that the underrepresented gender should represent 50% of each of the division's total members of the Executive Board and day to day Management. To balance the gender, the subdivisions strives at having minimum one of each gender represented among the last three candidates in the hiring process.

Events after the balance sheet date

No events have occurred after the balance sheet date affecting considerably the 2018 annual report.

Outlook

The Group expects to continue a positive development in 2019 and expect a net profit before interests at a significantly higher level than in 2018.

It is expected, that the subsidiary with-in the field of unmanned aircraft systems, will have a significantly increase in the sales level and research & development activities, as the market in 2018 proved to be more mature as previously, but despite this, the unmanned aircraft system business is not expected to be at a break-even level in 2019. The subsidiary with-in the Solar energy business is expected to continue to be profitable, at least in the same range as in 2018.

The net financial income in 2018 was moreover of an extraordinary nature, which consequently is expected to decrease in 2019 to a loss level due to the short- and long-term net interest bearing debts, though net interests are expected to be close to zero, and hence the group expect a net after tax profit level in the same range as in 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
3	**Revenue**	30,425	531,524	3,399	7,295
	Cost of sales	-25,151	-447,199	0	0
	Other external expenses	-9,542	-15,768	-2,588	-3,466
	Gross margin	-4,268	68,557	811	3,829
4	Staff costs	-18,564	-47,628	-4,460	-8,398
5	Depreciation and impairment of intangible assets and property, plant and equipment	-3,544	-8,829	-464	-481
	Profit/loss before net financials	-26,376	12,100	-4,113	-5,050
	Income from investments in group enterprises	0	237,421	-19,804	242,461
6	Financial income	25,535	960	26,690	961
7	Financial expenses	-3,796	-10,523	-3,400	-343
	Profit/loss before tax	-4,637	239,958	-627	238,029
8	Tax for the year	5,452	5,402	1,358	7,993
	Profit for the year	815	245,360	731	246,022
	Specification of the Group's results of operations:				
	Shareholders in Dangroup ApS	731	246,022		
	Non-controlling interests	84	-662		
		815	245,360		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2018	Group 2017	Parent company 2018	Parent company 2017
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Completed development projects	11,461	2,289	0	0
	Acquired intangible assets	400	267	0	0
	Goodwill	9,136	0	0	0
	Development projects in progress and prepayments for intangible assets	14,414	17,764	0	0
		35,411	20,320	0	0
10	**Property, plant and equipment**				
	Land and buildings	14,531	14,987	14,531	14,987
	Plant and machinery	324	426	0	0
	Fixtures and fittings, other plant and equipment	676	366	75	54
	Leasehold improvements	608	96	0	0
		16,139	15,875	14,606	15,041
11	**Investments**				
	Investments in subsidaries	0	0	1,042	322
	Receivables from group enterprises	0	0	14,500	0
	Other securities and investments	127,674	115,182	115,182	115,182
	Deposits, investments	128	0	0	0
		127,802	115,182	130,724	115,504
	Total fixed assets	179,352	151,377	145,330	130,545
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	5,248	2,825	0	0
		5,248	2,825	0	0
	Receivables				
	Trade receivables	16,371	4,996	177	2,742
	Receivables from group enterprises	1,060	0	1,060	5,645
14	Deferred tax assets	592	0	448	0
	Corporation tax receivable	2,405	2,470	0	2,463
	Other receivables	1,894	22,502	9	15,080
12	Prepayments	309	180	29	22
		22,631	30,148	1,723	25,952
	to be carried forward	27,879	32,973	1,723	25,952

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet (continued)

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	brought forward	27,879	32,973	1,723	25,952
	Securities and investments	104,591	0	104,591	0
	Cash	1,544	176,560	238	176,462
	Total non-fixed assets	134,014	209,533	106,552	202,414
	TOTAL ASSETS	313,366	360,910	251,882	332,959

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	125	125	125	125
	Retained earnings	217,561	295,959	217,561	295,959
	Dividend proposed	0	0	0	0
	Shareholder in Dangroup ApS' share of equity	217,686	296,084	217,686	296,084
	Non-controlling interests	1,941	0	0	0
	Total equity	219,627	296,084	217,686	296,084
	Provisions				
14	Deferred tax	0	1,445	0	733
11	Provision, investments in group enterprises	0	0	10,868	0
16	**Total provisions**	0	1,445	10,868	733
	Liabilities other than provisions				
15	**Non-current liabilities other than provisions**				
	Mortgage debt	8,769	9,280	8,769	9,280
	Bank debt	15,853	11,719	7,393	11,213
		24,622	20,999	16,162	20,493
	Current liabilities other than provisions				
15	Short-term part of long-term liabilities other than provisions	6,251	4,753	4,332	4,323
	Other credit institutions	40,645	19,137	842	26
	Prepayments	6,108	0	0	0
	Trade payables	3,507	1,136	188	289
	Payables to group enterprises	2	0	252	4,171
	Corporation tax payable	125	0	125	0
	Other payables	12,479	17,356	1,427	6,840
		69,117	42,382	7,166	15,649
	Total liabilities other than provisions	93,739	63,381	23,328	36,142
	TOTAL EQUITY AND LIABILITIES	313,366	360,910	251,882	332,959

1 Accounting policies
2 Recognition and measurement uncertainties
17 Contractual obligations and contingencies, etc.
18 Collateral
19 Related parties
20 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group: Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 January 2017	125	49,937	58,062	0	58,062
	Transfer through appropriation of profit	0	253,022	253,022	0	253,022
	Dividend distributed	0	0	-8,000	0	-8,000
	Proposed extraordinary dividend recognised under equity	0	-7,000	-7,000	0	-7,000
	Equity at 1 January 2018	125	295,959	296,084	0	296,084
	Transfer through appropriation of profit	0	731	731	1,941	2,672
	Adjustment of investments through forreign exchange adjustments	0	-129	-129	0	-129
	Proposed extraordinary dividend recognised under equity	0	-79,000	-79,000	0	-79,000
	Equity at 31 December 2018	125	217,561	217,686	1,941	219,627

Note	DKK'000	Parent company: Share capital	Retained earnings	Total
	Equity at 1 January 2017	125	49,937	58,062
21	Transfer, see "Appropriation of profit"	0	253,022	253,022
	Dividend distributed	0	0	-8,000
	Proposed extraordinary dividend recognised under equity	0	-7,000	-7,000
	Equity at 1 January 2018	125	295,959	296,084
21	Transfer, see "Appropriation of profit"	0	731	731
	Adjustment of investments through forreign exchange adjustments	0	-129	-129
	Proposed extraordinary dividend recognised under equity	0	-79,000	-79,000
	Equity at 31 December 2018	125	217,561	217,686

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2018	Group 2017
	Profit for the year	815	245,360
22	Adjustments	-2,033	-224,430
	Cash generated from operations (operating activities)	-1,218	20,930
23	Changes in working capital	-7,117	69,966
	Cash generated from operations (operating activities)	-8,335	90,896
	Interest received, etc.	25,535	961
	Interest paid, etc.	-3,796	-10,523
	Income taxes paid	2,470	-3,137
	Cash flows from operating activities	15,874	78,197
	Additions of intangible assets	-8,050	-9,073
	Disposals of intangible assets	0	4,582
	Additions of property, plant and equipment	-886	-460
	Disposals of property, plant and equipment	0	1,839
	Purchase of financial assets	-12,500	-114,625
	Acquisition of companies	-12,450	0
	Disposals of companies	0	237,420
	Securities and investments	-107,515	0
	Cash flows to investing activities	-141,401	119,683
	Dividends paid	-79,000	-15,000
	Proceeds of long-term liabilities	2,758	-2,184
	Repayments, long-term liabilities	-4,753	0
	Change in debt to credit institutions	31,382	23,890
	Cash flows from financing activities	-49,613	6,706
	Net cash flow	-175,140	204,586
	Cash and cash equivalents at 1 January	176,560	-28,026
24	**Cash and cash equivalents at 31 December**	1,420	176,560

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Dangroup ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating policy decisions the group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights which may presently be exercised or be converted into additional voting rights in considered when assessing if significant influence exists.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity. Consolidated financial statements and parent company financial statements for the period 1 January - 31 December.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation and impairment

The item comprises depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3-5 years
Acquired intangible assets	3-5 years
Goodwill	10 years
Buildings	15-25 years
Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	2-10 years
Leasehold improvements	3-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses. Consolidated financial statements and parent company financial statements for the period 1 January - 31 December.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is measured in the balance sheet at cost in connection with initial recoGoodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

On initial recognition, intangible assets are measured at cost.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3-5 years and cannot exceed 5 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Other securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Gross margin ratio $\dfrac{\text{Gross margin x 100}}{\text{Revenue}}$

Equity ratio $\dfrac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

Return on equity $\dfrac{\text{Profit/loss excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 **Recognition and measurement uncertainties**

Intangible assets mainly consists of UAS platforms and development projects related to these.

The sales in 2018 does not support the value of the intangible assets.

Based on the budget for 2019 and estimates for the coming years management assess that sales and profit will increase significantly to a level that supports the book value of the intangible assets.

Based on these expectations no impairment of intangible assets has been made.

The valuation is based on expectations of future profit increasing significantly and therefore there is a significant uncertainty related to the valuation.

	Group		Parent company	
DKK'000	2018	2017	2018	2017
3 **Segment information**				
Breakdown of revenue by business segment:				
Sale of drones and other parts related to drones	9,633	13,339	0	0
Sale of solar cell panels and other related parts	17,858	0	0	0
Other	2,934	146	3,399	7,295
Sale of IT Equipment	0	518,039	0	0
	30,425	531,524	3,399	7,295

	Group		Parent company	
DKK'000	2018	2017	2018	2017
4 **Staff costs**				
Wages/salaries	18,154	47,238	4,050	8,008
Pensions	280	144	280	144
Other social security costs	29	16	29	16
Other staff costs	101	230	101	230
	18,564	47,628	4,460	8,398
Average number of full-time employees	47	100	4	2

Group

Total remuneration to Management: DKK 3.006 (2017: By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management was not disclosed.)

Parent company

Total remuneration to Management: DKK 3.006 (2017: By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management was not disclosed.)

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	Group 2018	Group 2017	Parent company 2018	Parent company 2017
5	**Depreciation and impairment of intangible assets and property, plant and equipment**				
	Impairment of intangible assets	2,608	4,362	0	0
	Depreciation of property, plant and equipment	936	4,467	464	481
		3,544	8,829	464	481
6	**Financial income**				
	Interest receivable, group entities	0	0	1,404	0
	Interest receivable, associates	0	0	0	329
	Other interest income	25,535	730	25,285	556
	Exchange gain	0	96	0	76
	Other financial income	0	134	1	0
		25,535	960	26,690	961
7	**Financial expenses**				
	Interest expenses, associates	0	0	0	4
	Other interest expenses	0	729	0	336
	Exchange losses	0	9,659	0	4
	Loss on securities and investments	3,796	0	0	0
	Other financial expenses	0	135	3,400	-1
		3,796	10,523	3,400	343
8	**Tax for the year**				
	Estimated tax charge for the year	-3,403	683	-177	-1,098
	Deferred tax adjustments in the year	-2,049	444	-1,181	-6,895
	Tax adjustments, prior years	0	-6,529	0	0
		-5,452	-5,402	-1,358	-7,993

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

	Group				
DKK'000	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2018	12,993	517	0	17,764	31,274
Additions through mergers and business combinations	0	0	9,896	0	9,896
Additions	0	133	0	7,917	8,050
Transferred	11,267	0	0	-11,267	0
Cost at 31 December 2018	24,260	650	9,896	14,414	49,220
Impairment losses and amortisation at 1 January 2018	10,704	250	0	0	10,954
Impairment losses and amortisation of additions through mergers and business combinations	0	0	247	0	247
Impairment losses for the year	2,095	0	513	0	2,608
Impairment losses and amortisation at 31 December 2018	12,799	250	760	0	13,809
Carrying amount at 31 December 2018	11,461	400	9,136	14,414	35,411
Amortised over	3-5 years	3-5 years	10 years		

10 Property, plant and equipment

	Group				
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2018	19,004	506	1,799	256	21,565
Additions on corporate acquisition	0	0	418	0	418
Additions	0	32	247	607	886
Disposals	0	0	-289	-49	-338
Cost at 31 December 2018	19,004	538	2,175	814	22,531
Impairment losses and depreciation at 1 January 2018	4,017	80	1,433	160	5,690
Accumulated impairment losses and depreciation of additions through mergers and business combinations	0	0	104	0	104
Depreciation	456	134	251	95	936
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-289	-49	-338
Impairment losses and depreciation at 31 December 2018	4,473	214	1,499	206	6,392
Carrying amount at 31 December 2018	14,531	324	676	608	16,139
Depreciated over	15-25 years	5-10 years	2-10 years	3-5 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Parent company		
	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2018	19,004	968	19,972
Additions	0	29	29
Cost at 31 December 2018	19,004	997	20,001
Revaluations at 1 January 2018	0	0	0
Revaluations at 31 December 2018	0	0	0
Impairment losses and depreciation at 1 January 2018	4,017	914	4,931
Depreciation	456	8	464
Impairment losses and depreciation at 31 December 2018	4,473	922	5,395
Carrying amount at 31 December 2018	14,531	75	14,606
Depreciated over	15-25 years	2-10 years	

11 Investments

DKK'000	Group		
	Other securities and investments	Deposits, investments	Total
Cost at 1 January 2018	115,182	0	115,182
Additions on merger/corporate acquisition	0	120	120
Additions	12,492	8	12,500
Cost at 31 December 2018	127,674	128	127,802
Carrying amount at 31 December 2018	127,674	128	127,802

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Investments (continued)

DKK'000	Parent company			
	Investments in subsidaries	Receivables from group enterprises	Other securities and investments	Total
Cost at 1 January 2018	60,473	0	115,182	175,655
Additions	1,350	14,500	0	15,850
Cost at 31 December 2018	61,823	14,500	115,182	191,505
Value adjustments at 1 January 2018	-60,151	0	0	-60,151
Profit/loss for the year	-19,804	0	0	-19,804
Value adjustments for the year	-129	0	0	-129
Transferred	19,303	0	0	19,303
Value adjustments at 31 December 2018	-60,781	0	0	-60,781
Carrying amount at 31 December 2018	1,042	14,500	115,182	130,724

Parent company

Name	Legal form	Domicile	Interest
Subsidiaries			
Danxx	ApS	Skodsborg / Rudersdal	100.00%
Sky-Watch	A/S	Rebild	93.98%
DanVehicle XX	Limited	Kampala, Uganda	100.00%
Anthea Techonologies	ApS	Rebild	100.00%
Dangroup Invest M&A	ApS	Skodsborg / Rudersdal	90.00%
GSOL Energy Global	A/S	Svendborg	66.70%

12 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including insurance; leases and other prepaid expenses.

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, including insurance; leases and other prepaid expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Parent company	
	DKK'000	2018	2017
13	**Share capital**		
	Analysis of the share capital:		
	200 A shares of DKK 500.00 nominal value each	100	100
	50 B shares of DKK 500.00 nominal value each	25	25
		125	125

B-shares carry no voting rights.

The parent's share capital has remained DKK 125 thousand over the past 5 years.

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
14	**Deferred tax**				
	Deferred tax at 1 January	1,445	1,001	733	7,628
	Additions on corporate acquisitions	-81	0	0	0
	Change of the year	-1,968	444	-1,181	-6,895
	Other deferred tax	12	0	0	0
	Deferred tax at 31 December	-592	1,445	-448	733

15 **Non-current liabilities other than provisions**

	Group			
DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	11,210	2,441	8,769	6,726
Bank debt	19,664	3,811	15,853	4,582
	30,874	6,252	24,622	11,308

	Parent company			
DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	9,290	521	8,769	6,726
Bank debt	11,204	3,811	7,393	2,915
	20,494	4,332	16,162	9,641

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Provisions

Group

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

Parent company

Provisions relating to investments in group entities comprise the Company's liability for negative investments in subsidiaries in the form of a comfort letter in favour of the subsidiary.

17 Contractual obligations and contingencies, etc.

Contingent liabilities

Group

As part of the company's ordinary business procedures, bank guarantees have been provided to third parties.

The Group as a whole is not liable to others.

Rent obligations

The Group's companies have entered into rent obligation totalling DKK 752 thousand.

Operation lease obligations

The Group companies have entered into operating leases totalling DKK 1,211 thousand falling due within 5 years. (1 year: DKK 517 thousand, 2-5 years DKK 694 thousand and after 5 years DKK 0 thousand).

The parent company is jointly taxed with Danish subsidiary. As the administrative company, together with the subsidiary, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

18 Collateral

Group

As collateral for its balance with Danske Bank, the Group has issued an owners' mortgage of DKK 3,400 thousand secured on land register 6k, 6 bs, Tved By, Tved.

Moreover, the property with a book value of DKK 14,531 thousand, has been provided as collateral for mortgage loans totalling DKK 9,280 thousand.

The group has provided guarantee for Sky Watch A/S and Dangroup Invest M&A ApS's commitments with credit institutions of up to DKK 43,000 thousand.

The group has issued mortgages registered to the owner of DKK 700 thousand, secured of plant and mahinery with a carrying amount of DKK 1,249 thousand at 31 December 2018. The owner's mortgage has been deposited as collateral for an instrument of debt to Nordjysk Lånefond.

A group charge of DKK 4,919 thousand has been provided as collateral for amounts owed to credit institutions and banks.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

18 **Collateral (continued)**

As security for the Company's debt to banks, creditors and other suppliers, the Company has provided security or other collateral in its assets for at total amount of TDKK 5,000.

Parent company

As collateral for its balance with Danske Bank, the company has issued an owners' mortgage of DKK 3,400 thousand secured on land register 6k, 6 bs, Tved By, Tved.

Moreover, the property with a book value of DKK 14,531 thousand, has been provided as collateral for mortgage loans totalling DKK 9,280 thousand.

The company has provided guarantee for Sky Watch A/S and Dangroup Invest M&A ApS's commitments with credit institutions of up to DKK 43,000 thousand.

The parent company has provided a letter of support to Sky-Watch A/S.

19 **Related parties**

Group

Related party transactions

DKK'000	2018	2017
Group		
Dividend payments	79,000	15,000
Parent Company		
Dividend payments	79,000	15,000
Administration to related parties	465	6,618
Interest income from related parties	1,404	330
Interest expenses to related parties	6	5
Receivables from related parties	24,060	5,646
Payables to related parties	252	4,172

	Group		Parent company	
DKK'000	2018	2017	2018	2017
20 **Fee to the auditors appointed by the Company in general meeting**				
Statutory audit	104	160	28	27
Assurance engagements	268	129	182	19
Tax assistance	37	19	12	8
Other assistance	307	4,602	307	0
	716	4,910	529	54

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Notes to the financial statements

	DKK'000	Parent company 2018	Parent company 2017
21	**Appropriation of profit**		
	Recommended appropriation of profit		
	Extraordinary dividend distributed in the year	79,000	0
	Retained earnings/accumulated loss	-78,269	246,022
		731	246,022
22	**Adjustments**		
	Amortisation/depreciation and impairment losses	3,544	8,829
	Gain/loss on the sale of non-current assets	0	-237,420
	Tax for the year	-5,577	0
	Other adjustments	0	4,161
		-2,033	-224,430

	DKK'000	Group 2018	Group 2017
23	**Changes in working capital**		
	Change in inventories	-2,423	53,839
	Change in receivables	8,044	-101,811
	Change in trade and other payables	3,605	90,185
	Other changes in working capital	-16,343	27,753
		-7,117	69,966
24	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	1,544	176,560
		1,544	176,560