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# ***Sirrah A/S***

Bredgade 30, DK-1260 København K

## **Annual Report for 1 January - 31 December 2018**

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CVR No 29 97 14 63

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
21/05 2019

Kent Oksfeldt Jonassen  
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 Sirrah A/S 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 Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations for 2018.

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

København, 21 May 2019

## Executive Board

Kent Oksfeldt Jonassen  
CEO

## Board of Directors

Søren Jens Laugaard  
Chairman

Kent Oksfeldt Jonassen

James Noel  
Deputy Chairman

# Independent Auditor's Report

To the Shareholders of Sirrah A/S

## Opinion

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 the Parent Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Sirrah A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 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 requirements. 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company

# Independent Auditor's Report

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 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 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

# Independent Auditor's Report

may cause the Group and 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.
- 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.

Hillerød, 21 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Brian Rønne Nielsen

statsautoriseret revisor

mne33726

## **Company Information**

### **The Company**

Sirrah A/S  
Bredgade 30  
DK-1260 København K

Telephone: + 45 + 45 7022 1202  
Website: [www.sirrahgroup.com](http://www.sirrahgroup.com)

CVR No: 29 97 14 63  
Financial period: 1 January - 31 December  
Municipality of reg. office: København

### **Board of Directors**

Søren Jens Laugaard, Chairman  
Kent Oksfeldt Jonassen  
James Noel

### **Executive Board**

Kent Oksfeldt Jonassen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Milnersvej 43  
DK-3400 Hillerød

# Financial Highlights

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

|                                                  | Group        |              |
|--------------------------------------------------|--------------|--------------|
|                                                  | 2018<br>TDKK | 2017<br>TDKK |
| <b>Key figures</b>                               |              |              |
| <b>Profit/loss</b>                               |              |              |
| Revenue                                          | 37.167       | 28.643       |
| Operating profit/loss                            | 11.179       | 8.062        |
| Profit/loss before financial income and expenses | 11.179       | 8.062        |
| Net financials                                   | -3           | -43          |
| Net profit/loss for the year                     | 8.855        | 6.222        |
| <b>Balance sheet</b>                             |              |              |
| Balance sheet total                              | 21.150       | 16.431       |
| Equity                                           | 10.972       | 8.576        |
| Investment in property, plant and equipment      | 0            | 4            |
| Number of employees                              | 3            | 1            |
| <b>Ratios</b>                                    |              |              |
| Gross margin                                     | 39,4%        | 38,3%        |
| Profit margin                                    | 30,1%        | 28,1%        |
| Return on assets                                 | 52,9%        | 49,1%        |
| Solvency ratio                                   | 51,9%        | 52,2%        |
| Return on equity                                 | 90,6%        | 79,2%        |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



## **Management's Review**

Consolidated and Parent Company Financial Statements of Sirrah A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

### **Key activities**

The company sells leadership and specialist development solutions directly to clients and via licensees

### **Development in the year**

The income statement of the Group shows a profit of DKK 8,9 million (2017: DKK 6.2 million) and equity of DKK 10.9 million at 31 December 2018 (2017: DKK 8.6 million).

The revenue of the Group has increased from DKK 28.6 million in 2017 to DKK 37.2 million in 2018. A part of the revenue is incurred by external partners using the Group's methodologies. The Group recognizes a share of the revenue. In case the revenue was generated by the Group itself, total revenue would show DKK 31.8 million in 2017 and 43.3 million in 2018.

The income statement of the parent Company for 2018 shows a profit of DKK 7.4 million (2017: 6.7 million) and equity of DKK 9.4 million at 31 December 2018 (2017: DKK 7.8 million)

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

|                                                                                                  | Note | Group             |                   | Parent            |                   |
|--------------------------------------------------------------------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                                                                                  |      | 2018<br>DKK       | 2017<br>DKK       | 2018<br>DKK       | 2017<br>DKK       |
| <b>Revenue</b>                                                                                   |      | <b>37.166.573</b> | <b>28.642.720</b> | <b>19.951.489</b> | <b>21.749.468</b> |
| Other external expenses                                                                          |      | -22.523.668       | -17.670.204       | -11.655.477       | -12.214.191       |
| <b>Gross profit/loss</b>                                                                         |      | <b>14.642.905</b> | <b>10.972.516</b> | <b>8.296.012</b>  | <b>9.535.277</b>  |
| Staff expenses                                                                                   | 1    | -3.463.435        | -2.906.630        | -3.463.435        | -2.906.630        |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment |      | 0                 | -3.517            | 0                 | 0                 |
| <b>Profit/loss before financial income and expenses</b>                                          |      | <b>11.179.470</b> | <b>8.062.369</b>  | <b>4.832.577</b>  | <b>6.628.647</b>  |
| Income from investments in subsidiaries                                                          |      | 0                 | 0                 | 3.811.825         | 852.409           |
| Financial income                                                                                 |      | 110.540           | 28                | 81.262            | 734.487           |
| Financial expenses                                                                               |      | -113.776          | -42.597           | -69.552           | -26.257           |
| <b>Profit/loss before tax</b>                                                                    |      | <b>11.176.234</b> | <b>8.019.800</b>  | <b>8.656.112</b>  | <b>8.189.286</b>  |
| Tax on profit/loss for the year                                                                  | 2    | -2.321.398        | -1.797.543        | -1.196.162        | -1.475.958        |
| <b>Net profit/loss for the year</b>                                                              |      | <b>8.854.836</b>  | <b>6.222.257</b>  | <b>7.459.950</b>  | <b>6.713.328</b>  |

## Distribution of profit

### Proposed distribution of profit

|                                                              |                  |                  |                  |                  |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Extraordinary dividend paid                                  | 0                | 800.000          | 0                | 800.000          |
| Proposed dividend for the year                               | 7.400.000        | 5.800.000        | 7.400.000        | 5.800.000        |
| Reserve for net revaluation under the equity method          | 0                | 0                | -1.388.411       | 64.365           |
| Minority interests' share of net profit/loss of subsidiaries | 1.394.886        | 243.416          | 0                | 0                |
| Retained earnings                                            | 59.950           | -621.159         | 1.448.361        | 48.963           |
|                                                              | <b>8.854.836</b> | <b>6.222.257</b> | <b>7.459.950</b> | <b>6.713.328</b> |

## Balance Sheet 31 December

### Assets

|                                    | Note | Group             |                   | Parent            |                   |
|------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                    |      | 2018<br>DKK       | 2017<br>DKK       | 2018<br>DKK       | 2017<br>DKK       |
| Investments in subsidiaries        | 3    | 0                 | 0                 | 4.831.778         | 1.802.685         |
| Deposits                           |      | 46.350            | 45.000            | 46.350            | 45.000            |
| <b>Fixed asset investments</b>     |      | <b>46.350</b>     | <b>45.000</b>     | <b>4.878.128</b>  | <b>1.847.685</b>  |
| <b>Fixed assets</b>                |      | <b>46.350</b>     | <b>45.000</b>     | <b>4.878.128</b>  | <b>1.847.685</b>  |
| Trade receivables                  |      | 13.201.436        | 12.367.877        | 9.715.338         | 10.554.358        |
| Receivables from group enterprises |      | 0                 | 0                 | 189.584           | 156.624           |
| Other receivables                  |      | 300.884           | 558.278           | 63.800            | 0                 |
| Prepayments                        |      | 48.524            | 44.684            | 0                 | 2.269             |
| <b>Receivables</b>                 |      | <b>13.550.844</b> | <b>12.970.839</b> | <b>9.968.722</b>  | <b>10.713.251</b> |
| <b>Cash at bank and in hand</b>    |      | <b>7.552.828</b>  | <b>3.415.371</b>  | <b>2.216.766</b>  | <b>1.337.446</b>  |
| <b>Currents assets</b>             |      | <b>21.103.672</b> | <b>16.386.210</b> | <b>12.185.488</b> | <b>12.050.697</b> |
| <b>Assets</b>                      |      | <b>21.150.022</b> | <b>16.431.210</b> | <b>17.063.616</b> | <b>13.898.382</b> |

# Balance Sheet 31 December

## Liabilities and equity

|                                                                  | Note | Group             |                   | Parent            |                   |
|------------------------------------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                                                  |      | 2018<br>DKK       | 2017<br>DKK       | 2018<br>DKK       | 2017<br>DKK       |
| Share capital                                                    |      | 500.000           | 500.000           | 500.000           | 500.000           |
| Reserve for net revaluation under the equity method              |      | 0                 | 0                 | 31.778            | 1.402.685         |
| Retained earnings                                                |      | 1.533.129         | 1.455.675         | 1.501.351         | 52.984            |
| Proposed dividend for the year                                   |      | 7.400.000         | 5.800.000         | 7.400.000         | 5.800.000         |
| <b>Equity attributable to shareholders of the Parent Company</b> |      | <b>9.433.129</b>  | <b>7.755.675</b>  | <b>9.433.129</b>  | <b>7.755.669</b>  |
| Minority interests                                               |      | 1.539.046         | 819.995           | 0                 | 0                 |
| <b>Equity</b>                                                    |      | <b>10.972.175</b> | <b>8.575.670</b>  | <b>9.433.129</b>  | <b>7.755.669</b>  |
| Trade payables                                                   |      | 3.662.477         | 1.069.152         | 2.708.927         | 55.000            |
| Payables to group enterprises                                    |      | 1.000.000         | 2.480.693         | 1.000.000         | 2.480.693         |
| Payables to owners and Management                                |      | 29.125            | 24.710            | 0                 | 24.710            |
| Corporation tax                                                  |      | 1.597.032         | 875.824           | 484.162           | 571.958           |
| Other payables                                                   |      | 3.357.963         | 3.405.161         | 2.906.148         | 3.010.352         |
| Deferred income                                                  |      | 531.250           | 0                 | 531.250           | 0                 |
| <b>Short-term debt</b>                                           |      | <b>10.177.847</b> | <b>7.855.540</b>  | <b>7.630.487</b>  | <b>6.142.713</b>  |
| <b>Debt</b>                                                      |      | <b>10.177.847</b> | <b>7.855.540</b>  | <b>7.630.487</b>  | <b>6.142.713</b>  |
| <b>Liabilities and equity</b>                                    |      | <b>21.150.022</b> | <b>16.431.210</b> | <b>17.063.616</b> | <b>13.898.382</b> |
| Contingent assets, liabilities and other financial obligations   | 4    |                   |                   |                   |                   |
| Accounting Policies                                              | 5    |                   |                   |                   |                   |

## Statement of Changes in Equity

### Group

|                              | Share capital  | Reserve for net revaluation under the equity method | Retained earnings | Proposed dividend for the year | Equity excl. minority interests | Minority interests | Total             |
|------------------------------|----------------|-----------------------------------------------------|-------------------|--------------------------------|---------------------------------|--------------------|-------------------|
|                              | DKK            | DKK                                                 | DKK               | DKK                            | DKK                             | DKK                | DKK               |
| Equity at 1 January          | 500.000        | 0                                                   | 1.455.675         | 5.800.000                      | 7.755.675                       | 819.995            | 8.575.670         |
| Exchange adjustments         | 0              | 0                                                   | 17.504            | 0                              | 17.504                          | 0                  | 17.504            |
| Ordinary dividend paid       | 0              | 0                                                   | 0                 | -5.800.000                     | -5.800.000                      | 0                  | -5.800.000        |
| Other equity movements       | 0              | 0                                                   | 0                 | 0                              | 0                               | -675.835           | -675.835          |
| Net profit/loss for the year | 0              | 0                                                   | 59.950            | 7.400.000                      | 7.459.950                       | 1.394.886          | 8.854.836         |
| <b>Equity at 31 December</b> | <b>500.000</b> | <b>0</b>                                            | <b>1.533.129</b>  | <b>7.400.000</b>               | <b>9.433.129</b>                | <b>1.539.046</b>   | <b>10.972.175</b> |

### Parent

|                              |                |               |                  |                  |                  |          |                  |
|------------------------------|----------------|---------------|------------------|------------------|------------------|----------|------------------|
| Equity at 1 January          | 500.000        | 1.402.685     | 52.990           | 5.800.000        | 7.755.675        | 0        | 7.755.675        |
| Exchange adjustments         | 0              | 17.504        | 0                | 0                | 17.504           | 0        | 17.504           |
| Ordinary dividend paid       | 0              | 0             | 0                | -5.800.000       | -5.800.000       | 0        | -5.800.000       |
| Net profit/loss for the year | 0              | -1.388.411    | 1.448.361        | 7.400.000        | 7.459.950        | 0        | 7.459.950        |
| <b>Equity at 31 December</b> | <b>500.000</b> | <b>31.778</b> | <b>1.501.351</b> | <b>7.400.000</b> | <b>9.433.129</b> | <b>0</b> | <b>9.433.129</b> |

# Notes to the Financial Statements

|                                             | Group            |                  | Parent           |                  |
|---------------------------------------------|------------------|------------------|------------------|------------------|
|                                             | 2018<br>DKK      | 2017<br>DKK      | 2018<br>DKK      | 2017<br>DKK      |
| <b>1 Staff expenses</b>                     |                  |                  |                  |                  |
| Wages and salaries                          | 3.065.831        | 2.560.239        | 3.065.831        | 2.560.239        |
| Pensions                                    | 326.388          | 292.948          | 326.388          | 292.948          |
| Other social security expenses              | 14.642           | 8.597            | 14.642           | 8.597            |
| Other staff expenses                        | 56.574           | 44.846           | 56.574           | 44.846           |
|                                             | <b>3.463.435</b> | <b>2.906.630</b> | <b>3.463.435</b> | <b>2.906.630</b> |
| <b>Average number of employees</b>          | <b>3</b>         | <b>1</b>         | <b>3</b>         | <b>1</b>         |
| <b>2 Tax on profit/loss for the year</b>    |                  |                  |                  |                  |
| Current tax for the year                    | 2.321.398        | 1.795.563        | 1.196.162        | 1.473.978        |
| Adjustment of tax concerning previous years | 0                | 1.980            | 0                | 1.980            |
|                                             | <b>2.321.398</b> | <b>1.797.543</b> | <b>1.196.162</b> | <b>1.475.958</b> |
| <b>3 Investments in subsidiaries</b>        |                  |                  |                  |                  |
| Cost at 1 January                           |                  |                  | 400.000          | 415.469          |
| Additions for the year                      |                  |                  | 0                | 0                |
| Disposals for the year                      |                  |                  | 0                | -15.469          |
| Cost at 31 December                         |                  |                  | <b>400.000</b>   | <b>400.000</b>   |
| Value adjustments at 1 January              |                  |                  | 1.402.685        | 0                |
| Net profit/loss for the year                |                  |                  | 3.811.589        | 2.190.729        |
| Dividend to the Parent Company              |                  |                  | -800.000         | -738.000         |
| Other adjustments                           |                  |                  | 17.504           | -50.044          |
| Value adjustments at 31 December            |                  |                  | <b>4.431.778</b> | <b>1.402.685</b> |
| <b>Carrying amount at 31 December</b>       |                  |                  | <b>4.831.778</b> | <b>1.802.685</b> |

## Notes to the Financial Statements

| 4                                                                     | Group  |        | Parent |        |
|-----------------------------------------------------------------------|--------|--------|--------|--------|
|                                                                       | 2018   | 2017   | 2018   | 2017   |
|                                                                       | DKK    | DKK    | DKK    | DKK    |
| <b>Contingent assets, liabilities and other financial obligations</b> |        |        |        |        |
| <b>Rental and lease obligations</b>                                   |        |        |        |        |
| Rental obligation, period of non-terminability 3 months               | 46.350 | 45.000 | 46.350 | 45.000 |

### 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 Human Capital Invest ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 5 Accounting Policies

The Annual Report of Sirrah A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 are presented in DKK.

### Recognition and measurement

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

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

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

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

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Sirrah A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.



# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Translation policies

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

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

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

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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

### Other external expenses

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

# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### Staff expenses

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

### Amortisation, depreciation and impairment losses

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

### 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 are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### 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.

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

# Notes to the Financial Statements

## 5 Accounting Policies (continued)

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.

### Current tax receivables and liabilities

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

### Financial debts

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

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

## Notes to the Financial Statements

### 5 Accounting Policies (continued)

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