Deloitte.

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postboks 1600
0900 København C

Telefon 36 10 20 30
Telefax 36 10 20 40
www.deloitte.dk

AltaPay A/S
Gyngemose Parkvej 50
2860 Søborg
Central Business Registration
No 31872596

Annual report 2016

The Annual General Meeting adopted the annual report on 07.04.2017

Chairman of the General Meeting

Name: Guðmundur Ingólfsson

Contents

Entity details

Entity
AltaPay A/S
Gyngemose Parkvej 50
2860 Søborg

Central Business Registration No: 31872596
Founded: 01.12.2008
Registered in: Gladsaxe
Financial year: 01.01.2016 - 31.12.2016

Committee of Representatives
Vidar Thorkelsson, Chairman
Hálfdan Thor Karlsson
Christian Rasmussen

Executive Board
Christian Rasmussen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Committee of Representatives and the Executive Board have today considered and approved the annual report of AltaPay A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Søborg, 29.03.2017

Executive Board

Christian Rasmussen

Committee of Representatives

Vidar Thorkelsson Chairman	Hálfdan Thor Karlsson	Christian Rasmussen

Independent auditor's report

To the shareholders of AltaPay A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of AltaPay A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations for the financial year 01.01.2016 - 31.12.2016 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.03.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Thomas Hjortkjær Petersen
State Authorised Public Accountant

Management commentary

Primary activities

AltaPay business is making payments less complicated for its customers by offering a highly flexible payment solutions that add significant value in several ways. It can be when it is necessary to engage several payment providers to support payments in different geographies or to choose the right terminal solution to ensure the optimal model for payments in a specific retail model. AltaPay is not bound to any specific payment provider but has negotiated agreements with different payment providers covering the international payment requirements which allows AltaPay customers to work with AltaPay to the match the solution to their actual business needs.

Altapay is the only operator on the market who delivers a fully integrated and balanced economy report of all transactions from both online and offline commerce. All these reconciled transaction data are sent directly into the merchant's accounting system in real time. That eases the workload for the finance department, which saves a lot of time and resources on manual entries and system searches.

AltaPay's customers are specialized in retail and AltaPay is offering an omni channel payment solution which is supported by loyalty programs and gifts cards. Our primary geographical business area are for now Europe, the US and Canada.

Development in activities and finances

2016 ended up with a loss for the year before taxes DKK 6.738.751 (2015: profit of DKK 5.585.541). Adjusted for tax, the loss for year was DKK 4.650.698 (2015: profit of DKK 6.219.524)

The overall financial result for the company is lower than in 2015 and lower than expected going into the year. Sales developed mostly in accordance with plans, with an activity growth above 50% measured in transactions and volumes compared to 2015. However, the margins were lower overall, due to increased competitive pressure, which affected the business negatively. Given the growth in volumes and transactions AltaPay gained market share during 2016.

The development of the company continues and it is based on continued investments in further developing the technical platform as well as building and professionalizing the organization and the way of work. The number of employees has increased significantly from 14 to an average of 35 employees during 2016. In 2017 the number of employees is expected to grow above 70 at the end of the year 2017.

At the core of AltaPay is the technology platform which has performed well and according to the expectations of management. The platform will continue to be enhanced and significant investments are planned in 2017, to further develop the platforms unique technological position in the IT-enabled payment solution space.

During 2016 AltaPay entered further strategic partnerships that significantly strengthens the platform and will maintain future competitive advantage. At the core of this is the close partnership with IPS that ensures that merchants can get full overview over all their payment channels, whether these are processed through

Management commentary

e-commerce, in-store or via mobile in several geographies across Europe. Amongst other benefits, this will help merchants to measure volume of scale and achieve full financial reconciliation internationally across multiple payments providers in multiple geographies.

AltaPay has onboarded a number of new significant international customers in 2016 which includes: Kate Spade, Fat Face and Laura Ashley together with companies like WhiteAway/Skousen and BoConcept.

AltaPay is a part of the Valitor Group, a leading international online and e-commerce payment solutions company.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	Notes	2016 DKK	2015 DKK
Revenue		28.864.257	32.780.106
Cost of sales		(2.757.089)	(4.242.030)
Other external expenses		(9.817.525)	(7.563.739)
Gross profit/loss		**16.289.643**	**20.974.337**
Staff costs	1	(19.517.415)	(12.963.480)
Depreciation, amortisation and impairment losses	2	(3.275.781)	(2.468.540)
Operating profit/loss		**(6.503.553)**	**5.542.317**
Other financial income	3	879	103.542
Other financial expenses	4	(236.077)	(60.318)
Profit/loss before tax		**(6.738.751)**	**5.585.541**
Tax on profit/loss for the year	5	2.088.053	633.983
Profit/loss for the year		**(4.650.698)**	**6.219.524**
Proposed distribution of profit/loss			
Retained earnings		(4.650.698)	6.219.524
		(4.650.698)	**6.219.524**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		5.220.264	4.502.052
Intangible assets	6	**5.220.264**	**4.502.052**
Other fixtures and fittings, tools and equipment		254.602	307.211
Property, plant and equipment	7	**254.602**	**307.211**
Deposits		500.046	463.046
Fixed asset investments	8	**500.046**	**463.046**
Fixed assets		**5.974.912**	**5.272.309**
Trade receivables		4.751.303	5.414.962
Deferred tax	9	1.619.201	0
Prepayments		468.381	430.375
Receivables		**6.838.885**	**5.845.337**
Cash		**2.621.010**	**7.505.922**
Current assets		**9.459.895**	**13.351.259**
Assets		**15.434.807**	**18.623.568**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital		1.036.933	1.036.933
Reserve for development expenditure		2.986.626	0
Retained earnings		4.815.738	12.403.541
Equity		**8.839.297**	**13.440.474**
Deferred tax	9	0	506.024
Provisions		**0**	**506.024**
Payables to group enterprises		3.665.505	0
Non-current liabilities other than provisions		**3.665.505**	**0**
Trade payables		879.359	902.777
Other payables		2.050.646	3.774.293
Current liabilities other than provisions		**2.930.005**	**4.677.070**
Liabilities other than provisions		**6.595.510**	**4.677.070**
Equity and liabilities		**15.434.807**	**18.623.568**
Unrecognised rental and lease commitments	10		
Subsidiaries	11		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.036.933	0	12.403.541	13.440.474
Value adjustments	0	0	49.521	49.521
Transfer to reserves	0	3.823.469	(3.823.469)	0
Profit/loss for the year	0	(836.843)	(3.813.855)	(4.650.698)
Equity end of year	**1.036.933**	**2.986.626**	**4.815.738**	**8.839.297**

Notes to consolidated financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	18.308.484	12.591.562
Pension costs	1.037.869	240.842
Other social security costs	171.062	131.076
	19.517.415	**12.963.480**
Average number of employees	**34**	**14**

	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.105.257	2.183.697
Depreciation of property, plant and equipment	170.524	284.843
	3.275.781	**2.468.540**

	2016 DKK	2015 DKK
3. Other financial income		
Interest income	879	921
Exchange rate adjustments	0	102.621
	879	**103.542**

	2016 DKK	2015 DKK
4. Other financial expenses		
Interest expenses	81.887	23.843
Exchange rate adjustments	118.194	35.568
Other financial expenses	35.996	907
	236.077	**60.318**

	2016 DKK	2015 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	37.172	(221.402)
Change in deferred tax for the year	(2.125.225)	(412.581)
	(2.088.053)	**(633.983)**

Notes to consolidated financial statements

	Completed development projects DKK
6. Intangible assets	
Cost beginning of year	12.702.462
Additions	3.823.469
Cost end of year	**16.525.931**
Amortisation and impairment losses beginning of year	(8.200.410)
Amortisation for the year	(3.105.257)
Amortisation and impairment losses end of year	**(11.305.667)**
Carrying amount end of year	**5.220.264**

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	674.128
Additions	117.915
Cost end of year	**792.043**
Depreciation and impairment losses beginning of the year	(366.917)
Depreciation for the year	(170.524)
Depreciation and impairment losses end of the year	**(537.441)**
Carrying amount end of year	**254.602**

	Deposits DKK
8. Fixed asset investments	
Cost beginning of year	463.046
Additions	37.000
Cost end of year	**500.046**
Carrying amount end of year	**500.046**

Notes to consolidated financial statements

	2016 DKK	2015 DKK
9. Deferred tax		
Intangible assets	(1.148.802)	(990.451)
Property, plant and equipment	24.399	13.688
Tax losses carried forward	2.743.604	470.739
	1.619.201	**(506.024)**

	2016 DKK	2015 DKK
10. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**540.000**	**400.000**

	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
11. Subsidiaries					
AltaPay GmbH	Germany	GmbH	100,0	3.684.147	2.732.712
AltaPay Inc.	USA	Inc.	100,0	1.126	147.034

Parent income statement for 2016

	Notes	2016 DKK	2015 DKK
Revenue		25.807.998	29.134.058
Other operating income		0	3.098.033
Cost of sales		(2.757.089)	(3.956.735)
Other external expenses		(9.713.978)	(7.716.615)
Gross profit/loss		**13.336.931**	**20.558.741**
Staff costs	1	(19.517.415)	(12.963.480)
Depreciation, amortisation and impairment losses	2	(3.275.781)	(2.468.540)
Operating profit/loss		**(9.456.265)**	**5.126.721**
Other financial income	3	879	131.276
Other financial expenses	4	(200.281)	(39.828)
Profit/loss before tax		**(9.655.667)**	**5.218.169**
Tax on profit/loss for the year	5	2.125.225	671.296
Profit/loss for the year		**(7.530.442)**	**5.889.465**
Proposed distribution of profit/loss			
Retained earnings		(7.530.442)	5.889.465
		(7.530.442)	**5.889.465**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Completed development projects		5.220.264	4.502.052
Intangible assets	6	**5.220.264**	**4.502.052**
Other fixtures and fittings, tools and equipment		254.602	307.211
Property, plant and equipment	7	**254.602**	**307.211**
Investments in group enterprises		154.903	154.903
Deposits		490.494	453.494
Fixed asset investments	8	**645.397**	**608.397**
Fixed assets		**6.120.263**	**5.417.660**
Trade receivables		4.425.484	5.008.894
Receivables from group enterprises		692.212	4.859.156
Deferred tax	9	1.619.201	0
Prepayments		468.381	430.375
Receivables		**7.205.278**	**10.298.425**
Cash		**1.008.408**	**2.327.667**
Current assets		**8.213.686**	**12.626.092**
Assets		**14.333.949**	**18.043.752**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital	10	1.036.933	1.036.933
Reserve for development expenditure		2.986.626	0
Retained earnings		1.285.369	11.802.437
Equity		**5.308.928**	**12.839.370**
Deferred tax	9	0	506.024
Provisions		**0**	**506.024**
Payables to group enterprises		4.794.587	0
Non-current liabilities other than provisions		**4.794.587**	**0**
Trade payables		879.359	902.777
Other payables		3.351.075	3.795.581
Current liabilities other than provisions		**4.230.434**	**4.698.358**
Liabilities other than provisions		**9.025.021**	**4.698.358**
Equity and liabilities		**14.333.949**	**18.043.752**
Unrecognised rental and lease commitments	11		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.036.933	0	11.802.437	12.839.370
Transfer to reserves	0	3.823.469	(3.823.469)	0
Profit/loss for the year	0	(836.843)	(6.693.599)	(7.530.442)
Equity end of year	**1.036.933**	**2.986.626**	**1.285.369**	**5.308.928**

Notes to parent financial statements

	2016 DKK	2015 DKK
1. Staff costs		
Wages and salaries	18.308.484	12.591.562
Pension costs	1.037.869	240.842
Other social security costs	171.062	131.076
	19.517.415	**12.963.480**
Average number of employees	**34**	**14**

	2016 DKK	2015 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.105.257	2.183.697
Depreciation of property, plant and equipment	170.524	284.843
	3.275.781	**2.468.540**

	2016 DKK	2015 DKK
3. Other financial income		
Financial income arising from group enterprises	0	68.601
Interest income	879	921
Exchange rate adjustments	0	61.754
	879	**131.276**

	2016 DKK	2015 DKK
4. Other financial expenses		
Interest expenses	81.887	3.353
Exchange rate adjustments	118.194	35.568
Other financial expenses	200	907
	200.281	**39.828**

	2016 DKK	2015 DKK
5. Tax on profit/loss for the year		
Tax on current year taxable income	0	(258.715)
Change in deferred tax for the year	(2.125.225)	(412.581)
	(2.125.225)	**(671.296)**

Notes to parent financial statements

	Completed development projects DKK
6. Intangible assets	
Cost beginning of year	12.702.462
Additions	3.823.469
Cost end of year	**16.525.931**
Amortisation and impairment losses beginning of year	(8.200.410)
Amortisation for the year	(3.105.257)
Amortisation and impairment losses end of year	**(11.305.667)**
Carrying amount end of year	**5.220.264**

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	674.128
Additions	117.915
Cost end of year	**792.043**
Depreciation and impairment losses beginning of the year	(366.917)
Depreciation for the year	(170.524)
Depreciation and impairment losses end of the year	**(537.441)**
Carrying amount end of year	**254.602**

	Investments in group enterprises DKK	Deposits DKK
8. Fixed asset investments		
Cost beginning of year	154.903	453.494
Additions	0	37.000
Cost end of year	**154.903**	**490.494**
Carrying amount end of year	**154.903**	**490.494**

Specification of investments in group enterprises is included in note 11 to the consolidated state ments.

Notes to parent financial statements

	2016 DKK	2015 DKK
9. Deferred tax		
Intangible assets	(1.148.802)	(990.451)
Property, plant and equipment	24.399	13.688
Tax losses carried forward	2.743.604	470.739
	1.619.201	**(506.024)**

	Number	Par value DKK	Nominal value DKK
10. Contributed capital			
Shares	1.036.933	1	1.036.933
	1.036.933		**1.036.933**

	2016 DKK	2015 DKK
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**690.022**	**400.000**

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Accounting policies

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

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

Cost of sales

Cost of sales comprises costs directly linked to revenue.

Other external expenses

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

Accounting policies

Staff costs

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

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with its Parent and all the Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

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

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

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

Accounting policies

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3-5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Effective from January 2016, the Danish Financial Statements Act requires an equity reserve corresponding to capitalised development costs. As of 31 December 2016 the reserve include the development costs capitalised in 2016.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	3 years

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

Investments in group enterprises
Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

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

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Accounting policies

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.