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

Annual report 2017

The Annual General Meeting adopted the annual report on 28.05.2018

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: 01.01.2017 - 31.12.2017

Committee of Representatives
Vidar Thorkelsson, Chairman
Halldór Bjarkar Lúõvigsson
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 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 19.04.2018

Executive Board

Christian Rasmussen

Committee of Representatives

Vidar Thorkelsson
Chairman

Halldór Bjarkar Lúõvigsson

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 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations for the financial year 01.01.2017 - 31.12.2017 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, 19.04.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Michael Thorø Larsen
State Authorised Public Accountant
MNE-nr. 35823

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

High growth rate continues

AltaPay achieved a revenue of DKK 38.755k in 2017, which is a 34 percent increase compared to last year. During 2017, AltaPay invested massively in the company's unique omnichannel payment solution. Despite the massive investments and scaling up on resources, AltaPay succeeded in ensuring an Operating Income of DKK 325k. Profits after financial expenses and tax are negative by DKK 623k.

Overall, the financial result for the company is satisfactory and in line with management expectations. The primary focus has been to establish AltaPay in the market as an innovative and technologically advanced payment solution, targeting the cross-border trading retail industry. The high growth rate is a strong testimonial that the market – and especially retail businesses – embrace AltaPay's solution and services.

In 2018, AltaPay will continue the high level of investment and ensure double-digits growth rates and at the same time continue to make our customers sustain a competitive advantage.

Our new award winning centralized omnichannel offering, combines ecommerce and card present across European markets, and allows our merchants much greater insight into how and where their customers prefer to buy their products. We are able to provide data to our merchants that help them counter competition from players like Amazon and Alibaba, to which traditional retailers usually lose their business. We enable businesses to Think Global and act Local".

Management commentary

Market growing rapidly

The market for payment solutions is growing at an accelerated rate, and consumers are constantly being presented with new payment solutions – in physical stores, on mobile devices and in webshops. For retailers, it can be a challenge to meet the ever-changing consumer expectations towards a seamless and easy payment experience. Consumers do not care about technology or integration challenges; they just want a simple process - to buy and return goods across any channel, anywhere and at any time. That is possible with AltaPay. AltaPay provides a full omnichannel payment solution that benefits the consumer as well as the individual retailer. With AltaPay one only needs one platform to streamline sales, payments and return systems. AltaPay removes transaction friction and reduces operational overheads.

By 2017, AltaPay were operating in the US and 22 European countries with a fully integrated solution. For a retailer operating both online and in physical stores, this means they can reap the cost and time savings from only having to integrate once. From there, they can expand freely and smoothly.

Increased market share

The high growth rates show that AltaPay, just like in 2016, succeeded in gaining market shares in the European region in which the company is operating. In line with increasing markets share, AltaPay's organization in Denmark has grown significantly and currently employs 46 people. To support the expected high growth rate, AltaPay will continue to expand the number of employees in 2018.

The investment in strengthening the omnichannel platform continues in 2018 and so does the ongoing work to add new payment technologies to the platform including ApplePay and China UnionPay.

New partnerships

AltaPay entered further strategic partnerships in 2017 that significantly strengthen the platform and will ensure a competitive advantage moving forward.

New major wins

AltaPay welcomed several new large customers in 2017 who represent well-known brands within retail, fashion and tourism. They, as well as our existing merchants, have contributed significantly to the continued success and growth of AltaPay.

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 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		38.755	28.864
Cost of sales		-2.537	-2.757
Other external expenses		-14.217	-9.817
Gross profit/loss		**22.001**	**16.290**
Staff costs	1	-17.775	-19.517
Depreciation, amortisation and impairment losses	2	-3.901	-3.276
Operating profit/loss		**325**	**-6.503**
Other financial income	3	1	1
Other financial expenses	4	-352	-236
Profit/loss before tax		**-26**	**-6.738**
Tax on profit/loss for the year	5	-597	2.088
Profit/loss for the year		**-623**	**-4.650**
Proposed distribution of profit/loss			
Retained earnings		-623	-4.650
		-623	**-4.650**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Completed development projects		1.991	5.223
Development projects in progress		11.349	0
Intangible assets	6	**13.340**	**5.223**
Other fixtures and fittings, tools and equipment		1.161	254
Property, plant and equipment	7	**1.161**	**254**
Deposits		911	500
Fixed asset investments	8	**911**	**500**
Fixed assets		**15.412**	**5.977**
Trade receivables		6.519	4.755
Receivables from group enterprises		520	0
Deferred tax		502	1.619
Other receivables		156	0
Prepayments		136	468
Receivables		**7.833**	**6.842**
Cash		**5.789**	**2.621**
Current assets		**13.622**	**9.463**
Assets		**29.034**	**15.440**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		1.038	1.037
Reserve for development expenditure		10.405	4.072
Retained earnings		-3.225	3.735
Equity		**8.218**	**8.844**
Payables to group enterprises		3.851	3.666
Non-current liabilities other than provisions		**3.851**	**3.666**
Trade payables		1.318	879
Other payables		15.647	2.051
Current liabilities other than provisions		**16.965**	**2.930**
Liabilities other than provisions		**20.816**	**6.596**
Equity and liabilities		**29.034**	**15.440**
Unrecognised rental and lease commitments	9		
Subsidiaries	10		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.038	4.072	3.731	8.841
Transfer to reserves	0	9.156	-9.156	0
Profit/loss for the year	0	-2.823	2.200	-623
Equity end of year	**1.038**	**10.405**	**-3.225**	**8.218**

Notes to consolidated financial statements

1. Staff costs	2017 DKK'000	2016 DKK'000
Wages and salaries	15.864	18.308
Pension costs	1.648	1.038
Other social security costs	263	171
	17.775	**19.517**
Average number of employees	**41**	**34**

2. Depreciation, amortisation and impairment losses	2017 DKK'000	2016 DKK'000
Amortisation of intangible assets	3.619	3.105
Depreciation of property, plant and equipment	282	171
	3.901	**3.276**

3. Other financial income	2017 DKK'000	2016 DKK'000
Interest income	1	1
	1	**1**

4. Other financial expenses	2017 DKK'000	2016 DKK'000
Financial expenses from group enterprises	185	0
Interest expenses	53	82
Exchange rate adjustments	103	118
Other financial expenses	11	36
	352	**236**

5. Tax on profit/loss for the year	2017 DKK'000	2016 DKK'000
Tax on current year taxable income	0	37
Change in deferred tax for the year	597	-2.125
	597	**-2.088**

Notes to consolidated financial statements

	Completed development projects DKK'000	Development projects in progress DKK'000
6. Intangible assets		
Cost beginning of year	16.526	0
Additions	389	11.349
Cost end of year	**16.915**	**11.349**
Amortisation and impairment losses beginning of year	-11.303	0
Amortisation for the year	-3.621	0
Amortisation and impairment losses end of year	**-14.924**	**0**
Carrying amount end of year	**1.991**	**11.349**

	Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment	
Cost beginning of year	792
Additions	1.192
Disposals	-3
Cost end of year	**1.981**
Depreciation and impairment losses beginning of the year	-538
Depreciation for the year	-282
Depreciation and impairment losses end of the year	**-820**
Carrying amount end of year	**1.161**

	Deposits DKK'000
8. Fixed asset investments	
Cost beginning of year	500
Additions	411
Cost end of year	**911**
Carrying amount end of year	**911**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
9. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.412.975**	**540.000**

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
10. Subsidiaries					
AltaPay GmbH	Germany	GmbH	100,0	6.113.790	2.426.026
AltaPay Inc.	USA	Inc.	100,0	-57.806	-58.809

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		41.046	25.807
Cost of sales		-2.537	-2.759
Other external expenses		-14.025	-9.712
Gross profit/loss		**24.484**	**13.336**
Staff costs	1	-17.775	-19.519
Depreciation, amortisation and impairment losses	2	-3.901	-3.276
Operating profit/loss		**2.808**	**-9.459**
Other financial income	3	1	1
Other financial expenses	4	-358	-200
Profit/loss before tax		**2.451**	**-9.658**
Tax on profit/loss for the year	5	-597	2.125
Profit/loss for the year		**1.854**	**-7.533**
Proposed distribution of profit/loss			
Retained earnings		1.854	-7.533
		1.854	**-7.533**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Completed development projects		1.991	5.221
Development projects in progress		11.349	0
Intangible assets	6	**13.340**	**5.221**
Other fixtures and fittings, tools and equipment		1.161	254
Property, plant and equipment	7	**1.161**	**254**
Investments in group enterprises		154	154
Deposits		901	490
Fixed asset investments	8	**1.055**	**644**
Fixed assets		**15.556**	**6.119**
Trade receivables		6.591	4.425
Receivables from group enterprises		1.943	692
Deferred tax		502	1.619
Other receivables		156	0
Prepayments		138	468
Receivables		**9.330**	**7.204**
Cash		**4.708**	**1.008**
Current assets		**14.038**	**8.212**
Assets		**29.594**	**14.331**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital	9	1.037	1.037
Reserve for development expenditure		10.405	4.072
Retained earnings		-4.278	201
Equity		**7.164**	**5.310**
Payables to group enterprises		3.851	3.666
Non-current liabilities other than provisions		**3.851**	**3.666**
Trade payables		1.318	879
Payables to group enterprises		0	1.129
Other payables		17.261	3.347
Current liabilities other than provisions		**18.579**	**5.355**
Liabilities other than provisions		**22.430**	**9.021**
Equity and liabilities		**29.594**	**14.331**
Unrecognised rental and lease commitments	10		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1.037	4.072	201	5.310
Transfer to reserves	0	9.156	-9.156	0
Profit/loss for the year	0	-2.823	4.677	1.854
Equity end of year	**1.037**	**10.405**	**-4.278**	**7.164**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	15.864	18.310
Pension costs	1.648	1.038
Other social security costs	263	171
	17.775	**19.519**
Average number of employees	**41**	**34**

	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.619	3.105
Depreciation of property, plant and equipment	282	171
	3.901	**3.276**

	2017 DKK'000	2016 DKK'000
3. Other financial income		
Interest income	1	1
	1	**1**

	2017 DKK'000	2016 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	185	15
Interest expenses	53	67
Exchange rate adjustments	110	118
Other financial expenses	10	0
	358	**200**

	2017 DKK'000	2016 DKK'000
5. Tax on profit/loss for the year		
Change in deferred tax for the year	597	-2.125
	597	**-2.125**

Notes to parent financial statements

6. Intangible assets	Completed development projects DKK'000	Development projects in progress DKK'000
Cost beginning of year	16.526	0
Additions	389	11.349
Cost end of year	**16.915**	**11.349**
Amortisation and impairment losses beginning of year	-11.305	0
Amortisation for the year	-3.619	0
Amortisation and impairment losses end of year	**-14.924**	**0**
Carrying amount end of year	**1.991**	**11.349**

7. Property, plant and equipment	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	792
Additions	1.192
Disposals	-3
Cost end of year	**1.981**
Depreciation and impairment losses beginning of the year	-538
Depreciation for the year	-282
Depreciation and impairment losses end of the year	**-820**
Carrying amount end of year	**1.161**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
8. Fixed asset investments		
Cost beginning of year	154	490
Additions	0	411
Cost end of year	**154**	**901**
Carrying amount end of year	**154**	**901**

Specification of investments in group enterprises is included in note 10 to the consolidated financial statements.

	Number	Par value DKK'000	Nominal value DKK'000
9. Contributed capital			
Shares	1.037	1	1.037
	1.037		**1.037**

	2017 DKK'000	2016 DKK'000
10. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**1.412.975**	**690.022**

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.

Non-comparability

The prior year's numbers are changed due to new information being obtained.

There are changes to the total amount of reserve for development expenditures and payables to group companies. The changes are considered non significant.

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

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.

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.

Accounting policies

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.

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.

Accounting policies

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.

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

Cash
Cash comprises bank deposits.

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