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ASKCODY APS GASVÆRKSVEJ 30D, 9000 AALBORG ANNUAL REPORT 1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 6 April 2021

Christian Løth Mortensen



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COMPANY DETAILS

Company AskCody ApS

Gasværksvej 30D 9000 Aalborg

Website: www.askcody.dk E-mail: info@askcody.dk

CVR No.: 33 75 78 91 Established: 1 June 2011 Registered Office: Aalborg

Financial Year: 1 January - 31 December

Board of Directors Kjeld Nielsen, chairman

Steffen Mørch-Pedersen

Janos Flösser

Allan Mørch-Pedersen

Executive Board Allan Mørch-Pedersen

Auditor BDO Statsautoriseret revisionsaktieselskab

Nørrebro 15 9800 Hjørring

Bank Nordjyske Bank

Torvet 4

9400 Nørresundby

Vækstfonden Tranholmen 3, 3. 8960 Randers SØ

Law Firm Hovmøller & Thorup

Strandvejen 4 1. sal

9000 Aalborg



Allan Mørch-Pedersen

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of AskCody ApS for the financial year 1 January - 31 December 2020.

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 Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Aalborg, 2 March 2021

Executive Board

Allan Mørch-Pedersen

Board of Directors

Kjeld Nielsen
Chairman

Steffen Mørch-Pedersen

Janos Flösser



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AskCody ApS

Opinion

We have audited the Financial Statements of AskCody ApS for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 Financial Statements" section of our report. We are independent of the Company 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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 judgment and maintain professional skepticism throughout the audit. We also:

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



INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Hjørring, 2 March 2021

BDO Statsautoriseret revisionsaktieselskab CVR no. 20 22 26 70

Klaus Nielsen State Authorised Public Accountant MNE no. mne36178



MANAGEMENT COMMENTARY

Principal activities

AskCody is a "Meeting Management and Resource Scheduling" platform, which offers companies worldwide an integreted SaaS solution on managing meetings at the office, booking meeting rooms, collaboration rooms, focus rooms and desks, which connects the employee with the workplace resources in a efficient and user-friendly way.

AskCody makes it easy for the employee to book rooms and workplaces that match the employee's needs, manage local equipment, order meeting facilities and register guests at the reception. Also AskCody makes it easy to optimize administrative and cross-organizational processes for the organizational units that work every day to support workplace resource booking, meeting booking and meeting management.

The platform assist the company in administrative, logistics and processes in meetings and resource scheduling at the workplace, and optimizes the daily life both for the employees in a wide range of support funtions, as the platform connects these functions together in a new way that automates and facilitates cross-organizational processes and provides insight and overview of the essential functions which are critical to support the overall workplace.

The platform, which is integrated with Microsoft Exchange, Outlook and Microsoft 365, optimizes processes regarding meetings and meeting booking in major organizations worldwide, and is highly used in the key verticals as Professional Services, Financial Services and Large Corporate Offices & Headquarters and supporting close to 400,000 users, connected to 20,000 meeting rooms out of 2020.

AskCody's SaaS platform aims to create a positive effect on the employee's workday through better meetings, meeting administration and conducting meetings administratively, as well as ensuring the best possible utilization of the building's meeting-, collaboration rooms and desks, in a way that benefits both the company and employees, when using the workplace resources. Through our platform, we transform and automate cross-organizational processes, while improving the company's use of the "workplace". The goal of AskCody is not just to provide a software platform - the goal is to create a way of working at the individual company which will change the company's culture, processes and productivity, not least around meetings, collaboration, and the use of the company's resources.

Market Position

The company is still included in Gartner's Meeting Management and Resource Scheduling market report, in which Gartner offers consumers accessible insights into major market trends by comparing market leaders' and trendsetters' solutions, as well as stating AskCody's market position. We have seen a high effect and positive impact from this in 2020, and we expect that the positive impact will continue going into 2021. Also, AskCody is positioned as category leader in the category for Meeting Management and Resource Scheduling at G2, which supports our prominent and relevant market position.

Financing

During 2020, new financial loan agreements were established with Vækstfonden and the existing shareholder Promentum Equity Partners to support AskCody's continued growth and development activities, which has secured the company's forecasted operations, investments and payment obligations during 2021, with a focus on continued long-term growth and long-term value-creating development activities. Thus, the necessary liquidity was added to support the company through 2020 and going forward.

Capital loss

The company's assets and liabilities have been assessed with continued operations in mind. Management is aware that the company has a capital loss and is thus covered by section 119 of the Danish Companies Act. It is Management's assessment that the company, despite the capital loss, still has the necessary capital base to ensure continued operations. The Share capital is expected to be reestablished through future earnings. Management continuously assesses the capital base and the need of action.



MANAGEMENT COMMENTARY

Principal activities (continued)

Compliance

During 2020, focus will continue on activities and measures that strengthen the company's security and procedures in relation to Information Security and compliance. With the continued increase in demands from customers and the outside world, this is still a high priority on the company's agenda and a basic premise in our way of operating. Again in 2020 the company received an ISAE 3000 accreditation regarding the company's information security policy and implemented standards, processes and procedures that underline and confirm our compliance with the GDPR. The company expects to maintain this accreditation in 2021. During 2020 the company has implemented a large number of additional security measures derived from the European Data Protection Board's follow-up to Shcrems II

Market development derived from Covid-19

From a market that was consistently growing for a number of years, and with a thriving and rapidly growing category that was increasingly seen as a standard software, all companies with a certain complexity and size invested in and implemented, the market in March 2020 was immediately hit and challenged by Covid-19 and the many restrictions it brought in order to meet physically in the workplace. This had the consequence that the company's growth in 2020 dropped significantly, compared to recent years. From a growth of around 80-100% in ARR Year-on-Year, the growth in 2020 has been around 20% Year-on-Year. However, we see a 20% ARR growth as very satisfactory in the current market conditions, and thus feed of an even stronger basis going into 2021. Through 2020, the company realized a consistant high net revenue retention, and has therefore been able to maintain the majority of the customer portfolio, just as the company has shown a great ability to create growth on existing customers. Despite a challenging market, at the end of the year it was still possible to realize a significant growth in the customer portfolio globally, driven evenly by both USA and Europe.

Despite a continued lockdown in many core markets in Q4 2020, we see an increasing trend and demand in the market going out of the year, which allows us to have high expectations for 2021. These expectations on growth are further initiated by product development and adaptation to changed needs in the market.

Organization and adaptation

Due to changed market conditions and conditions derived from Covid-19, the company adapted the organization in the spring and implemented a significant cost savingsprogram, just as the workforce was adjusted and immediate recruitment plans postponed. Despite this, the company has managed to continue to develop both commercial initiatives that have created growth, just as the Platform is in continuous development. In the medium term, the company has a sub-goal of creating positive operations on existing activities until markets and thus growth opportunities re-open, and the company can accelerate growth, initiated and driven by external capital raised.

The increased organizational focus as well as the implemented management structure and organization has been maintained through 2020, and we have seen a positive effect where the added capacity and competence has allowed the company to increase focus on the improved user experience market and customer development. This is also expected to be maintained for 2021.



MANAGEMENT COMMENTARY

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

Research and development activities

2020 has also been a year with focus on improving the user experience for AskCody's existing and new customers, as well as the continued development towards creating a coherent Platform. This is of great importance in relation to how the individual customer has access to features in the AskCody platform, as well as raising the commercial potential further for the entire platform. We have seen the effect of this in 2020, as we to a greater extent have driven the commercial development of the customer, lifted by easy access to features in our Platform. The platform has undergone a major UX overhaul with a focus on increased usability.

We have implemented a number of new features and help tools that accelerate time-to-value for our customers, such as automated help guides, mass import of new customer data and standard settings on system components, across the platform, just as we have seen an increased adoption of available features.

In 2020, the platform also obtained extensive performance and stability improvements in line with increased growth and demand, just as the transformation towards a service-oriented architecture and infrastructure was prioritized and initiated. This is expected to continue to be a priority in 2021 and will give our infrastructure an additional boost, and create opportunities for new innovation.

Key development projects and launches, released in 2020, are our brand new Insights module, based on Microsoft PowerBI, rolled out to all customers on our Platform, just as our mobile app release.

Finally, the work of continuing to comply with the GDPR and the stricter requirements implemented globally in relation to information security has left its mark on 2020's development activities at AskCody. Knowledge and resources have continued to be used to integrate legislation, guidelines and compliance in all features of existing modules and not least in the development and working methods in the continued development of the platform. A priority in which we see great commercial value, as it allows us to offer our customers the security they demand, and meet their high demands for compliance.

Future expectations

Despite the adjustment of the organization and operations derived from market conditions in 2020, it is our clear expectation that with the continued strengthening and development of our Platform, the continued expansion of the customer portfolio, particular the retention of existing customers, as well as the trends we see in the market at the end of the year, we will be able to develop the company, and grow significantly on the defined growth metrics and key value indicators, which together with the board of directors and shareholders are assessed as being the most important for the company in 2021. This will be initiated and led by Europe, out of our office in Aalborg, Denmark, as well as in the USA, led by AskCody, Inc. in Boston. Despite changing market conditions and a changing consumption pattern in our Platform, we have been able to adapt to some of the new needs that have arisen with our customer demands, and in this connection we see an increased demand that allows us to have these high expectations for 2021.



INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT		9.655.495	2.625.269
Staff costs Depreciation, amortisation and impairment Other operating expenses	1	-18.112.259 -4.763.363 0	-11.279.527 -4.509.962 -45.431
OPERATING LOSS		-13.220.127	-13.209.651
Result of equity investments in group and associat Other financial income Other financial expenses	2	-113.849 515.257 -2.028.409	
LOSS BEFORE TAX		-14.847.128	-13.662.649
Tax on profit/loss for the year	3	1.173.152	1.472.332
LOSS FOR THE YEAR		-13.673.976	-12.190.317
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings		-13.673.976	-12.190.317
TOTAL		-13.673.976	-12.190.317



BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Development projects completed Development projects in progress and prepayments		8.801.581 0	7.003.635 923.650
Intangible assets	4	8.801.581	7.927.285
Other plants, machinery, tools and equipment		626.457	893.499
Leasehold improvements Property, plant and equipment	5	11.233 637.690	36.208 929.707
Equity investments in group enterprises		638.541	752.390
Rent deposit and other receivables		296.295	291.645
Financial non-current assets	6	934.836	1.044.035
NON-CURRENT ASSETS		10.374.107	9.901.027
Trade receivables		2.064.826	2.455.853
Receivables from group enterprises		5.612.451	5.369.070
Deferred tax assets		919.239	919.239
Other receivables		1.167	0
Receivables corporation tax		1.312.851	1.612.031
Prepayments and accrued income		509.959	754.659
Receivables		10.420.493	11.110.852
Cash and cash equivalents		3.627.281	0
CURRENT ASSETS		14.047.774	11.110.852
ASSETS		24.421.881	21.011.879



BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital		111.200	111.200
Provision for development costs		6.865.235	6.183.283
Retained profit		-19.953.959	-5.598.031
EQUITY		-12.977.524	696.452
Convertible debt instruments		5.437.500	0
Other bank debt		15.998.638	7.351.954
Holiday allowance commitment		1.202.725	507.796
Non-current liabilities	7	22.638.863	7.859.750
Other bank debt		2.056.434	150.547
Bank debt		161.824	2.051.773
Trade payables		644.277	899.689
Other liabilities		2.872.563	1.550.738
Accruals and deferred income		9.025.444	7.802.930
Current liabilities		14.760.542	12.455.677
LIABILITIES		37.399.405	20.315.427
EQUITY AND LIABILITIES		24.421.881	21.011.879
Contingonaios eta	o		
Contingencies etc.	8		
Charges and securities	9		



EQUITY

		Provision for development	Retained	
	Share capital	costs	profit	Total
Equity at 1 January 2020	111.200	6.183.283	-5.598.031	696.452
Proposed profit allocation			-13.673.976	-13.673.976
Other legal bindings Capitalized development costs		681.952	-681.952	0
Equity at 31 December 2020	111.200	6.865.235	-19.953.959	-12.977.524



NOTES

	2020 DKK	2019 DKK	Note
Staff costs Average number of employees	35	27	1
Wages and salaries Pensions Social security costs Other staff costs	16.754.433 1.104.801 98.123 154.902	9.858.478 777.400 88.244 555.405	
Other financial income Group enterprises	514.957 300 515.257	410.649 0 410.649	2
Tax on profit/loss for the year Calculated tax on taxable income of the year	-1.173.152 -1.173.152	-1.472.332 -1.472.332	3
Intangible assets	Development projects completed	Development projects in progress and prepayments	4
Cost at 1 January 2020	12.479.143 6.145.311 0 18.624.454	923.650 0 -923.650 0	
Amortisation at 1 January 2020 Amortisation for the year Amortisation at 31 December 2020	5.475.508 4.347.365 9.822.873	0 0 0	
Carrying amount at 31 December 2020	8.801.581	0	

2020 has also been a year with focus on improving the user experience for AskCody's existing and new customers, as well as the continued development towards creating a coherent Platform. The platform has undergone a major UX overhaul with a focus on increased usability. We have implemented a number of new features and help tools that accelerate time-to-value for our customers, such as automated help guides, mass import of new customer data and standard settings on system components, across the platform, just as we have seen an increased adoption of available features.

In 2020, the platform also obtained extensive performance and stability improvements in line with increased growth and demand, just as the transformation towards a service-oriented architecture and infrastructure was prioritized and initiated.



NOTES

			Note
Property, plant and equipment			5
roperty, plant and equipment	Other plants,		3
	machinery, tools	Leasehold	
	and equipment	improvements	
	una equipment	improvements	
Cost at 1 January 2020	1.446.497	107.116	
Additions	123.980	0	
Cost at 31 December 2020.		107,116	
Cost at 31 December 2020	1.570.477	107.110	
Depreciation and impairment losses at 1 January 2020	552.997	70.908	
Depreciation for the year	391.023		
	944.020	95.883	
Depreciation and impairment losses at 31 December 2020	944.020	93.003	
Carrying amount at 31 December 2020	626.457	11.233	
Financial non-current assets			6
	Equity		
	investments in		
		Rent deposit and	
		other receivables	
Cost at 1 January 2020	1.140.653	291.645	
Additions	0.110.033	4.650	
Cost at 31 December 2020.	1.140.653	296.295	
Cost at 31 December 2020	1.140.653	290.293	
Revaluation at 1 January 2020	-2.165	0	
Revaluation at 31 December 2020.		0	
Revaluation at 31 December 2020	-2.165	0	
Impairment lesses and amortisation of goodwill at 1 January			
Impairment losses and amortisation of goodwill at 1 January	207 000	0	
2020	386.098	0	
Amortisation of goodwill	113.849	0	
Impairment losses and amortisation of goodwill at 31		_	
December 2020	499.947	0	
Carrying amount at 31 December 2020	638.541	296.295	
Long-term liabilities			7
		ebt	
	yment outstand kt year after 5 ye	ing 31/12 2019 ars total liabilities	
Convertible debt instruments 5.437.500	0	0 0	
	6.434	0 7.502.501	
	0.434		
Holiday allowance commitment 1.202.725	0 1.202./	23 307.790	
24.695.297 2.056	6.434 1.202.7	25 8.010.297	



NOTES

Note

9

Contingencies etc. 8

Contingent liabilities

The company has entered into an operating lease with an annual lease payment of DKK 16 thousand. The lease agreement has a residual maturity of 15 months with a total residual lease obligation of DKK 20 thousand.

The company has entered into a rental obligation, which at the balance sheet date amounts to DKK 349 thousand during the notice period, which is 6 months.

Charges and securities

As collateral for bank debt of DKK 162,000 and debt to Vækstfonden of DKK 18,380,000, the company has pledged a nominal amount of DKK 21,100,000. The company mortgage comprises the following assets, whose carrying amount at the balance sheet date amounts to (DKK):

Development projects completed	8.801.581
Other plants, machinery, tools and equipment	626.457
Leasehold improvements	11.233
Trade receivables	2.064.826
Receivables from group enterprises	5.612.451



ACCOUNTING POLICIES

The Management Annual Report of AskCody ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Management Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Income from equity interests in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Useful life Residual value



ACCOUNTING POLICIES

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 3 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Other plants, fixtures, equipment and leasehold improvements are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

Other plant, fixtures and equipment	2-10 years	0 %
Leasehold improvements	3 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation, which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.



ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.