

## Stibo Systems A/S

Axel Kiers Vej 11, DK-8270 Højbjerg

CVR No. 35 82 26 90

### Annual report 2016/17

Approved at the Company's annual general meeting on 14 August 2017

Chairman:



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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Stibo Systems A/S for the financial year 1 May 2016 - 30 April 2017.

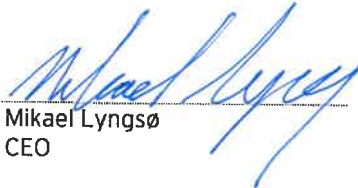
The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 30 April 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 May 2016 - 30 April 2017

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

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

Højbjerg, 9 August 2017  
Executive Board:



Mikael Lyngsø  
CEO

Board of Directors:



Hans O. Damgaard  
Chairman



Mikael Lyngsø



Carsten Christensen

## Independent auditors' report

To the shareholders of Stibo Systems A/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Stibo Systems A/S for the financial year 1 May 2016 - 30 April 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both the Group and the Parent Company, as well as a consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 May 2016 - 30 April 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 additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 company financial statements

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

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

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

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

## Independent auditor's report

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.


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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

### Independent auditor's report

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 9 August 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

  
Jens Weiersøe Jakobsen  
State Authorised  
Public Accountant

  
Søren Jensen  
State Authorised  
Public Accountant

## Management's review

### Company details

Name	Stibo Systems A/S
Address	Axel Kiers Vej 11, DK-8270 Højbjerg
CVR no.	35 82 26 90
Registered office	Aarhus
Financial year	1 May - 30 April
Website	<a href="http://www.stibosystems.com">www.stibosystems.com</a>
Telephone	+45 89 39 11 11
Board of Directors	Hans O. Damgaard, Chairman Mikael Lyngsø Carsten Christensen
Executive Board	Mikael Lyngsø, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vaerkmestergade 25, DK-8100 Aarhus C

## Management's review

### Financial highlights for the Group

DKK'000	2016/17	2015/16	2014/15	2013/14
<b>Key figures</b>				
Revenue	647,566	735,419	623,985	488,583
Gross profit	462,030	545,334	487,035	362,023
Operating profit	24,943	115,217	121,077	64,861
Profit from financial income and expenses, net	-713	2,565	4,007	1,670
Profit before tax	24,230	117,782	125,084	66,531
<b>Profit for the year</b>	<b>15,697</b>	<b>87,419</b>	<b>93,820</b>	<b>48,033</b>
<b>Non-current assets</b>				
Current assets	1,377	2,842	2,710	3,933
<b>Total assets</b>	<b>469,967</b>	<b>591,303</b>	<b>559,257</b>	<b>352,568</b>
Share capital	471,344	594,145	561,967	356,501
<b>Equity</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
Provisions	249,695	285,256	246,943	150,738
Current liabilities	4,167	15,070	17,030	15,331
	217,482	293,819	297,994	190,432
<b>Investments in property, plant and equipment</b>				
	238	1,637	1,372	1,820
<b>Financial ratios</b>				
Operating margin	3.9	15.7	19.4	13.3
Return on invested capital	8.0	39.5	55.2	54.1
Gross margin	71.3	74.2	78.1	74.1
Solvency ratio	53.0	48.0	43.9	42.3
Return on equity	5.9	32.9	47.5	38.0
<b>Average number of employees</b>				
	498	470	430	387

For terms and definitions, please see the accounting policies.



## Management's review

### Operating review

In the financial year 2016/17, Stibo Systems achieved a record high number of license sales to new and existing customers while investing heavily in the development of our product portfolio. The year can be summarized in four main headings:

1. A very high cost level in product development and people to maintain and strengthen long-term competitiveness in a market undergoing radical change
2. An unsatisfactory first half of the year, which was followed by a promising second half
3. A satisfactory intake of new customers, but at decreasing market prices
4. An increasing market penetration in China and the opening of new verticals.

Stibo Systems is a leading, international vendor in the MDM market, documented by independent analysts Gartner and Forrester who once again praise the customer satisfaction, market growth and the capabilities of our offerings. The MDM market is large and growing, but undergoing structural changes. Until recently, mainly large corporations that were able to and would implement MDM solutions. Now, digital transformation has made the market more mature, and companies of all sizes are increasingly demanding business-focused data management software. We experience that both the demands from the clients and competition are growing rapidly, and that average, obtainable market prices as a consequence are strained. In our experience, this is a general tendency in the market; one that our competitors are experiencing as well.

Maintaining a strong position in the future MDM market calls for major investments in product, position and people. Where competitors have found it necessary to raise extra capital to invest, Stibo Systems is privileged to have a strong forward-thinking ownership that allows investments to be made continuously as part of the operation. In the financial year 2016/17, investments increased by more than 50 million DKK compared to the previous year, including reported staff and other external cost.

Changes in market conditions were foreseen, but happen sooner than expected. During the first half of the financial year, the consequences of the market changes for the year was underestimated, and therefore, sales and revenue were very much below expectations. Management decided to maintain the cost level, resulting in an unsatisfactory result for the first six months. We were satisfied to report that sales picked up in the second half of the year. Looking back, it can be stated that 2/3 of this year's order intake was created in the latter half of the fiscal year, which, together with a solid pipeline of sales projects, is very promising for the future. The fiscal year 2016/17 saw a satisfactory total intake of new customers, but at lower market prices.

Growing a strong ecosystem of partners continues to be part of the key strategy for Stibo Systems, and we are happy to see that a growing proportion of our market opportunities is sourced or influenced by the cooperation with our partners.

Today, our list of customers includes 350+ leading companies worldwide. In 2016/17, agreements were made with, among others, following interesting companies:

Europe:

- AG2R La Mondiale, ASOS, Miele, Morrisons, Selfridges

North & Latin America:

- Banco Industrial do Brazil, Cell Signaling, McDonalds, MiHIN, Shopko, Wegmans

Asia:

- City Beach, Datang, Lesso, Yihai Kerry (Wilmar).

New customer wins like AG2R and Banco Industrial do Brasil mark the opening of Financial Services as a new vertical for Stibo Systems, and in China, a regular market penetration breakthrough took place.

## Management's review

### Operating review

#### Outlook

The investments in product and market presence will be maintained at a very high level in the coming year. We will continue to fund the investments as part of the running operation, keeping operating cost at a distinctive level. The order backlog at the beginning of the year is satisfactory, and as we expect to see the effect of the investments, the result for 2017/18 is expected to be better than 2016/17.

#### Particular risks

##### *Currency risks*

The Group is exposed to changes in exchange rates as the majority of the Group's revenue is settled in foreign currencies. The Group hedges the part of the concluded contracts that is not hedged by costs in the currency in question.

##### *Interest rate risks*

Due to its equity ratio and financial resources, the Group is only exposed to changes in the interest rate level to a minor extent.

##### *Credit risks*

Before new business relations are initiated, a credit rating of the customer is made, and if appropriate and possible, credit risks are hedged by means of insurances with credit insurance companies.

The Group reduces credit risks by issuing progress billings as work progresses.

#### **Statutory corporate social responsibility statement under section 99a of the Danish Financial Statements Act**

For a statement on corporate social responsibility, please see the annual report of the parent company, Stibo Holding A/S.

#### **Goals and policies for the underrepresented gender under section 99b of the Danish Financial Statements Act**

For goals and policies for the underrepresented gender, please see the annual report of the parent company, Stibo Holding A/S.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Income statement

Note	DKK'000	Consolidated		Parent company	
		2016/17	2015/16	2016/17	2015/16
	<b>Revenue</b>	647,566	735,419	647,566	735,419
2	Other operating income	0	0	12,737	25,264
	Raw materials and consumables	647,566	735,419	660,303	760,683
	Other external costs	-37,946	-55,505	-506,092	-530,248
		-147,590	-134,580	-55,163	-45,054
	<b>Gross profit</b>	462,030	545,334	99,048	185,381
3	Staff costs	-433,161	-420,982	-105,744	-99,797
4	Depreciation, amortisation and impairment losses	-3,926	-9,135	-1,841	-1,876
	<b>Operating profit</b>	24,943	115,217	-8,537	83,708
9	Profit of group enterprises after tax	0	0	22,406	20,894
5	Financial income	938	3,948	464	2,055
6	Financial expenses	-1,651	-1,383	-305	-390
	<b>Profit before tax</b>	24,230	117,782	14,028	106,267
7	Tax on profit for the year	-8,533	-30,363	1,669	-18,848
	<b>Profit for the year</b>	15,697	87,419	15,697	87,419

### Proposed profit allocation

DKK'000

Proposed dividends	0	50,000
Transfer to reserve for net revaluation according to the equity method	22,406	20,894
Retained earnings	-6,709	16,525
	15,697	87,419



## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Balance sheet

Note	DKK'000	Consolidated		Parent company	
		30 April 2017	30 April 2016	30 April 2017	30 April 2016
		<b>EQUITY AND LIABILITIES</b>			
12	<b>Equity</b>				
	Share capital	50,000	50,000	50,000	50,000
	Net revaluation acc. to the equity method	0	0	39,497	33,297
	Retained earnings	199,695	185,256	160,198	151,959
	Proposed dividends	0	50,000	0	50,000
	<b>Total equity</b>	<b>249,695</b>	<b>285,256</b>	<b>249,695</b>	<b>285,256</b>
	<b>Provisions</b>				
11	Deferred tax	4,167	15,070	4,167	15,027
	<b>Total provisions</b>	<b>4,167</b>	<b>15,070</b>	<b>4,167</b>	<b>15,027</b>
	<b>Liabilities</b>				
	<b>Non-current liabilities</b>				
	Payables to group enterprises	0	0	0	9,541
		0	0	0	9,541
	<b>Current liabilities</b>				
10	Prepayments from customers	145,503	169,452	37,651	50,639
	Trade payables	4,624	6,571	2,385	3,696
	Payables to group enterprises	0	2,663	7,727	11,457
	Corporation tax	9,238	23,071	8,927	21,794
	Other payables	58,117	92,062	20,587	35,319
		217,482	293,819	77,277	122,905
	<b>Total liabilities</b>	<b>217,482</b>	<b>293,819</b>	<b>77,277</b>	<b>132,446</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>471,344</b>	<b>594,145</b>	<b>331,139</b>	<b>432,729</b>

- 1 Accounting policies
- 13 Mortgages, collateral and contingent liabilities
- 14 Lease obligations
- 15 Related parties

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Statement of changes in equity - Consolidated

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 May 2016	50,000	185,256	50,000	285,256
Profit for the year	0	15,697	0	15,697
Foreign exchange adj. on the translation of foreign entities	0	41	0	41
Value adjustments for the year of hedging instruments	0	-1,299	0	-1,299
Distributed dividends	0	0	-50,000	-50,000
Equity at 30 April 2017	50,000	199,695	0	249,695

### Statement of changes in equity - Parent company

DKK'000	Share capital	Retained earnings	Net revaluation acc. to the equity method	Proposed dividends	Total
Equity at 1 May 2016	50,000	151,959	33,297	50,000	285,256
Profit for the year	0	-6,709	22,406	0	15,697
Foreign exchange adj. on the translation of foreign entities	0	847	-806	0	41
Value adjustments for the year of hedging instruments	0	-1,299	0	0	-1,299
Dividends received	0	15,400	-15,400	0	0
Distributed dividends	0	0	0	-50,000	-50,000
Equity at 30 April 2017	50,000	160,198	39,497	0	249,695

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Cash flow statement

Note	DKK'000	Consolidated	Consolidated
		2016/17	2015/16
	Operating profit	24,943	115,217
	Depreciation	1,033	1,457
	Cash generated from operations (operating activities) before changes in working capital	25,976	116,674
	Changes in working capital	-38,737	-29,358
	Cash flows from operating activities	-12,761	87,316
5	Financial income	938	3,948
6	Financial expenses	-1,651	-1,383
	Other adjustments	-35	-346
	Cash generated from operations (ordinary activities)	-13,509	89,535
	Corporation tax paid	-34,857	-32,620
	<b>Cash flows from operating activities</b>	<b>-48,366</b>	<b>56,915</b>
8	Acquisition of property, plant and equipment	-238	-1,637
8	Disposal of property, plant and equipment	687	14
	<b>Cash flows from investing activities</b>	<b>449</b>	<b>-1,623</b>
	Changes in receivables from group enterprises	1,313	-35,732
	Dividends paid	-50,000	-50,000
	<b>Cash flows from financing activities</b>	<b>-48,687</b>	<b>-85,732</b>
	<b>Cash flows for the year</b>	<b>-96,604</b>	<b>-30,440</b>
	Cash and cash equivalents at 1 May	269,850	303,273
	Exchange gains/losses on cash and cash equivalents	922	-2,983
	<b>Cash and cash equivalents at 30 April</b>	<b>174,168</b>	<b>269,850</b>

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 1 Accounting policies

The annual report of Stibo Systems A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Pursuant to section 96(3) of the Danish Financial Statements Act, please see the annual report of Stibo Holding A/S for 2016/17 regarding auditors' fee.

Effective 1 May 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement regarding yearly reassessment of residual values of property, plant and equipment.

In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. This change has no impact on the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

#### Consolidated financial statements

The consolidated financial statements comprise the parent company, Stibo Systems A/S, and subsidiaries in which Stibo Systems A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date. Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.

#### Foreign currency translation

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

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



## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 1 Accounting policies (continued)

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity. Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

#### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. Income and expenses related to such hedges are transferred from equity by realisation of the hedged item and recognised in the same financial statement item as the hedged item.

#### Income statement

##### Revenue

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

Contract work in progress in respect of delivery of large systems is recognised in revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). Revenue is recognised when total income and expenses relating to the construction contract and the stage of completion at the balance sheet date can be reliably measured, and when it is probable that future economic benefits, including payments, will flow to the Group.

##### Other operating income

Other operating income comprises items secondary to the primary activities of the Company.

##### Other external costs

Other external costs comprise items primary to the activities of the Company for the year.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other costs regarding the Company's employees, including members of the Executive Board and the Board of Directors.

Development costs regarding new products are expensed as incurred as the conditions for capitalisation are not considered to have been met. In practice, the development of new products cannot be separated from the continued maintenance of the Group's other products.

##### Depreciation and amortisation

Comprises depreciation of property, plant and equipment.

##### Profits/losses from investments in group enterprises

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses and amortisation of goodwill.

The proportionate share of the results after tax of the associates is recognised in the income statement after elimination of the proportionate share of intra-group profits/losses.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Interest expenses are not capitalised.

##### Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Stibo Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Stibo Holding A/S is the management company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year, comprising current tax and changes in deferred tax for the year, is recognised in the income statement. The tax expense relating to changes in equity is recognised directly in equity.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

###### Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment     3-10 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

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

###### Investments in group enterprises

Investments in group enterprises and associates are measured according to the equity method.

Investments in group enterprises are measured in the balance sheet at the proportionate share of the enterprises' net asset value determined in accordance with the parent company's accounting policies less or plus unrealised intra-group gains and losses.

Group enterprises with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the subsidiary's deficit.

Net revaluation of investments in group enterprises is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

###### Receivables

Receivables are measured at amortised cost. Write-down is made for expected losses.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 1 Accounting policies (continued)

##### Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual work in progress is recognised in the balance sheet under either receivables or payables depending on the net value of the sales amount less progress billings and prepayments.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

##### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

##### Corporation tax and deferred tax

Payable and receivable joint taxation contributions are recognised in the balance sheet under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities other than provisions

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 1 Accounting policies (continued)

##### Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

##### Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

##### Cash flows from investing activities

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

##### Cash flows from financing activities

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

##### Segment information

The Group only operates within one segment.

##### Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$
Operating assets	Operating assets are total assets less cash
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 2 Other operating income

The financial statement item substantially comprises income from management fee and other services.

DKK'000	Consolidated		Parent company	
	2016/17	2015/16	2016/17	2015/16
<b>3 Staff costs</b>				
Wages and salaries	393,823	387,745	99,397	94,217
Pensions	16,606	14,375	6,024	5,294
Other social security costs	22,732	18,862	323	286
	<u>433,161</u>	<u>420,982</u>	<u>105,744</u>	<u>99,797</u>
Average number of full-time employees	<u>498</u>	<u>470</u>	<u>141</u>	<u>125</u>
Pursuant to sections 98b (3) of the Danish Financial Statements Act, there is no information about remuneration to the Executive Board.				
<b>4 Depreciation and impairment losses</b>				
Fixtures and fittings, other plant and equipment	1,033	1,457	386	746
Minor new acquisitions	2,893	7,678	1,455	1,130
	<u>3,926</u>	<u>9,135</u>	<u>1,841</u>	<u>1,876</u>
<b>5 Financial income</b>				
Interest income from group enterprises	0	1,173	53	1,329
Other financial income	938	2,775	411	726
	<u>938</u>	<u>3,948</u>	<u>464</u>	<u>2,055</u>
<b>6 Financial expenses</b>				
Interest expense to group enterprises	0	0	299	386
Other financial expenses	1,651	1,383	6	4
	<u>1,651</u>	<u>1,383</u>	<u>305</u>	<u>390</u>
<b>7 Tax on profit for the year</b>				
Current tax for the year	19,318	33,281	8,824	22,114
Adjustment of deferred tax	-10,785	-2,918	-10,493	-3,266
	<u>8,533</u>	<u>30,363</u>	<u>-1,669</u>	<u>18,848</u>

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 8 Property, plant and equipment

	Consoli- dated	Parent company
	Fixtures and fittings other plant etc.	Fixtures and fittings other plant etc.
DKK'000		
Cost at 1 May 2016	15,593	11,558
Foreign exchange adjustments in foreign enterprises	-5	0
Additions	238	0
Disposals	-2,338	-1,022
Cost at 30 April 2017	13,488	10,536
Depreciation charges at 1 May 2016	-12,751	-10,861
Foreign exchange adjustments in foreign enterprises	7	0
Depreciation charges	-1,033	-386
Disposals	1,666	1,022
Depreciation charges and impairment losses at 30 April 2017	-12,111	-10,225
Carrying amount at 30 April 2017	1,377	311
Depreciated over	3-10 years	3-10 years

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

DKK'000	Parent company	
	2016/17	2015/16
<b>9 Investments in subsidiaries</b>		
Cost at 1 May	33,534	33,504
Additions	1,784	30
Disposals/dividends	0	0
Cost at 30 April	35,318	33,534
Value adjustments at 1 May	33,297	15,288
Foreign exchange adjustments, foreign group enterprises	-806	-2,885
Profit before tax	32,608	32,408
Tax on profit for the year	-10,202	-11,514
Dividends	-15,400	0
Adjustments at 30 April	39,497	33,297
<b>Carrying amount at 30 April</b>	<b>74,815</b>	<b>66,831</b>

Name	Registered office	Voting rights and ownership
Stibo Systems Inc.	USA	100%
Stibo Systems Healthcare Inc.	USA	100%
Stibo Systems Ltd.	England	100%
Stibo Systems GmbH	Germany	100%
Stibo Systems S.A.S	France	100%
Stibo Systems Asia Ltd.	Hong Kong	100%
Stibo Systems Korea Ltd.	South Korea	100%
Stibo Systems Japan	Japan	100%
Stibo Systems Hong Kong Ltd	Hong Kong	100%
Stibo Systems China Ltd.	Hong Kong	100%
Stibo Software Ltd.	China	100%
Stibo Systems China Ltd.	China	100%
Stibo Systems Pty. Ltd.	Australia	100%
Stibo Systems B.V.	Holland	100%
Stibo Systems Sàrl	Switzerland	100%
Stibo Systems Inc.	Canada	100%
Stibo Systems Do Brazil Ltda.	Brazil	100%
Stibo Systems AB	Sweden	100%
Stibo Systems Columbia	Columbia	100%
Stibo Systems Spain S.L.	Spain	100%

DKK'000	Consolidated		Parent company	
	2016/17	2015/16	2016/17	2015/16
<b>10 Contract work in progress</b>				
Recognised as follows:				
Contract work in progress	1,456	2,698	581	698
Prepayments	-145,503	-169,452	-37,651	-50,639
	<b>-144,047</b>	<b>-166,754</b>	<b>-37,070</b>	<b>-49,941</b>



## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

DKK'000	Consolidated		Parent company	
	2016/17	2015/16	2016/17	2015/16
<b>11 Deferred tax</b>				
Deferred tax at 1 May	14,406	16,042	15,027	17,030
Value adjustments for the year	31	19	0	0
Changes for the year, see note 7	-10,785	-2,918	-10,493	-3,266
Changes for the year relating to changes in equity	-367	1,263	-367	1,263
<b>Deferred tax at 30 April</b>	<b>3,285</b>	<b>14,406</b>	<b>4,167</b>	<b>15,027</b>
Deferred tax asset	-882	-664	0	0
Deferred tax liability	4,167	15,070	4,167	15,027
	<b>3,285</b>	<b>14,406</b>	<b>4,167</b>	<b>15,027</b>

### 12 Equity

The share capital comprises 50,000 shares of DKK 1,000 nominal value each. All shares rank equally. The share capital has remained unchanged since establishment.

#### Proposed profit allocation

	2016/17	2015/16
Proposed dividends	0	50,000
Transfer to reserve for net revaluation according to the equity method	22,406	20,894
Retained earnings	-6,709	16,525
	<b>15,697</b>	<b>87,419</b>

### 13 Mortgages, collateral and contingent liabilities

#### Parent company

The Company is jointly taxed with other Danish group companies. As group company, together with the other group companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

The jointly taxed companies known net liabilities to SKAT are recognised in the financial statements of the administrative company, Stibo Holding A/S. Any subsequent corrections to the joint taxation income and withholding taxes, etc. may imply that the Company's liabilities increase.

## Consolidated financial statements and parent company financial statements 1 May - 30 April

### Notes

#### 14 Lease obligations

##### Parent company

The Company has entered into rent obligations with a term of 1-2 year totalling DKK 8.4 million (2015/16: DKK 3.7 million).

Other lease obligations (operating leases) falling due within five years total DKK 6 million (2015/16: DKK 1.8 million).

##### Consolidated

The Group has entered into rent obligations falling due within five years and totalling DKK 22 million (2015/16: DKK 24.9 million).

Other lease obligations (operating leases) falling due within five years total DKK 6.1 million (2015/16: DKK 1.8 million).

#### 15 Related parties

##### Parties exercising control

The Stibo-Foundation, Axel Kiers Vej 11, 8270 Højbjerg.

Stibo Systems A/S is wholly-owned by Stibo A/S, Aarhus, whose ultimate parent company is the Stibo-Foundation, Aarhus.

##### Related party transactions

Related parties comprise the Stibo-Foundation and subsidiaries in which Stibo-Foundation directly or indirectly controls.

Transactions in 2016/17 with related parties:

DKK'000	Consolidated	Parent company
Income <sup>1</sup>	0	524,876
Expenses <sup>1</sup>	22,849	524,223
Net financial income and expenses <sup>2</sup>	0	352
Receivables from group enterprises <sup>3</sup>	102,714	128,784
Payables to group enterprises <sup>3</sup>	0	7,727

<sup>1</sup> Includes sales and purchases of goods and services.

<sup>2</sup> Includes financial items related to intercompany financing.

<sup>3</sup> Includes receivables and payables related to sales and purchases of goods and services and intercompany financing.