Conscia Holding A/S

Kirkebjerg Parkvej, 9, 2., DK-2605 Brøndby

Annual Report for 1 October 2017 - 30 September 2018

CVR No 36 45 09 83

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/02 2019

Søren Bech Justesen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Conscia Holding A/S for the financial year 1 October 2017 - 30 September 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017/18.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Brøndby, 26 February 2019

Executive Board

Claus Thorsgaard CEO	Søren Bech Justesen CFO

Board of Directors

Mogens Munkholm Elsberg Chairman	Christian Bamberger Bro Deputy Chairman	Jakob Nordenhof Jønck
Jens Albert Harsaae	Nikolaj Vejlsgaard	Søren Vig Linde Staff Representative

Independent Auditor's Report

To the Shareholder of Conscia Holding A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Conscia Holding A/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

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

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

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 26 February 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen
statsautoriseret revisor
mne28705

Thomas Baunkjær Andersen
statsautoriseret revisor
mne35483

Company Information

The Company	Conscia Holding A/S Kirkebjerg Parkvej, 9, 2. DK-2605 Brøndby CVR No: 36 45 09 83 Financial period: 1 October - 30 September Financial year: 4th financial year Municipality of reg. office: Danmark
Board of Directors	Mogens Munkholm Elsberg, Chairman Christian Bamberger Bro Jakob Nordenhof Jønck Jens Albert Harsaae Nikolaj Vejlsgaard Søren Vig Linde
Executive Board	Claus Thorsgaard Søren Bech Justesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,545,200	1,056,821	757,061	789,946	553,933
Operating profit/loss	124,606	91,626	65,839	79,386	51,353
EBITDA	180,965	119,208	80,834	91,341	63,338
EBITDA normalized*	185,896	119,208	81,538	91,341	63,338
EBITA	176,938	115,181	80,711	90,942	62,996
Profit/loss before financial income and expenses	123,605	91,626	65,839	79,386	51,353
Net financials	-24,333	-5,030	1,320	-33	56
Net profit/loss for the year	62,287	64,295	49,117	57,002	36,063
Balance sheet					
Balance sheet total	1,474,815	1,368,078	435,966	530,960	385,312
Equity	459,262	300,560	238,187	279,118	223,321
Cash flows					
Cash flows from:					
- operating activities	108,668	63,010	43,323	85,939	87,139
- investing activities	-12,319	-739,726	-12,373	-35,630	-19,423
including investment in property, plant and equipment	-1,441	-2,166	-3,875	-1,034	-430
- financing activities	-63,148	675,325	-91,190	-180	-29,801
Change in cash and cash equivalents for the year	33,201	-1,391	-60,240	50,129	37,915
Number of employees	341	201	120	85	64

Financial Highlights

	Group				
	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	30.0%	27.8%	26.6%	25.5%	23.4%
Profit margin	8.0%	8.7%	8.7%	10.0%	9.3%
Return on assets	8.4%	6.7%	15.1%	15.0%	13.3%
Solvency ratio	31.1%	22.0%	54.6%	52.6%	58.0%
Return on equity	16.4%	23.9%	19.0%	22.7%	32.3%
EBITDA ratio	11.7%	11.3%	10.7%	11.6%	11.4%
EBITDA normalized ratio	12.0%	11.3%	10.8%	11.6%	11.4%
EBITA ratio	11.5%	10.9%	10.7%	11.5%	11.4%

For definitions, see under accounting policies.

* Normalized EBITDA is adjusted for external costs related to acquisitions, legal restructuring and internal restructuring.

Management's Review

The significant activities of the group

The Conscia Group (Conscia) provides IT solutions, consultancy and services to some of the largest private enterprises and public-sector organizations in the countries that the company is represented in. The technological areas of focus are network infrastructure, data center, mobility, cloud and security. The infrastructure solutions are based primarily on Cisco technology, and all country organizations are Cisco Gold Partner certified. Conscia also offers its unique, Cisco-awarded service concept CNS (Conscia Network Services), public cloud competencies based on Amazon Web Services, and other services that give customers direct access to highly certified consultants, fast troubleshooting and stable operation.

The most significant activities of the parent company

The main activities of Conscia Holding A/S consist of owning capital shares in affiliated companies, including other related business, cf. the board's assessment.

Development in activities and financial matters

In the financial year 2017/2018, Conscia had four overall objectives:

•Exploit group scale in selected key areas
•Engage in technical knowledge sharing
•Recognize teamwork and cross-unit cooperation
•Each business unit will organize individually but learn from each other about what gives the best market impact

To support the strategy, Conscia initiated the implementation of the following initiatives in 2018:

a) Established a cross country Technical forum, which was kicked off on an annual All-Hand Technical meeting in May. As governance for technical best practice sharing, several Virtual Teams were created and have been developed over the year.

b) Initiated an annual 'Managers Meeting', which was kicked-off early in the year, to further enable the integration and people retention process.

c) A strong effort on driving digitalization and optimizing the internal IT platform; as a result of which an IT digitalization roadmap has been developed and is being executed on.

d) To strengthen the focus on continuous international growth and to support synergies across the group, the board decided to onboard Claus Thorsgaard as new group CEO and Janni Bilenberg as group CMO.

Our strong performance was recognized by Cisco, who gave us several awards; e.g. EMEAR Service Partner of the Year and North Enterprise Partner of the Year, plus multiple country awards. Furthermore, Conscia received a Master Enterprise Networks certification as the second partner worldwide and became the first Lifecycle Advisor partner in Europe, which shows Conscia's fast mover and innovative approach when it comes to Cisco's transformation to software and recurring revenue.

Management's Review

In the financial year 2017/2018 Conscia's revenue reached DKK 1,545 million which is an increase of DKK 488 million (46%) compared to 2016/2017 and the normalized EBITDA for 2017/2018 reached DKK 186 million, which is an increase of 67 million compared to last year, equaling an increase of 56%. The financial performance in 2017/2018 is influenced by significant organic growth in existing business areas – especially within Sweden, Norway and the Netherlands, but is also affected by full-year effect of the acquisitions of Level8 ApS, CloudPartners A/S and Vosko B.V in 2016/2017. The organic revenue growth in 2017/2018 was 12%.

Management considers the results for the year satisfactory and according to expectations.

EBITDA for the parent company (Conscia Holding A/S) for 2017/2018 shows a loss of DKK 10 million, which is accordance with expectations. Management considers the results satisfactory.

Corporate Governance

By virtue of its Private Equity ownership, Conscia is subject to "Guidelines for responsible ownership and good corporate governance" as defined by the Danish Venture Capital and Private Equity Association. The guidelines are available at DVCA's website, www.dvca.dk.

The organization of management is, among other things, based on the Danish Companies Act, the Danish Financial Statements Act and the company's articles of association. I.e. Conscia has based its corporate governance efforts on a two-tier system where the board of directors and the executive management have two distinct roles. The executive management undertakes the operational management of the company, whereas the board of directors determines the overall company strategy and acts as an active sparring partner to the executive management of the company. In addition, the board of directors use committees for special tasks. Thus, a chairman committee and an audit committee have been set up.

The board of directors consists of six members, where one of the representatives have been elected by Conscia A/S' employees (please see below for a more detailed description of the board and executive management). Board meetings are held four to five times a year. Additionally, the chairman committee meets with the executive management of the company on a bimonthly basis and the audit committee meets twice a year.

The board of directors and executive management incl. other managerial positions

Chairman of the Board, Mogens Munkholm Elsberg is also co-owner of Domo ApS and Chairman at the Board in Upodi ApS, Globeteam A/S, eMailPlatform ApS and ForNAV ApS.

Deputy Chairman, Christian Bamberger Bro member is Partner and board member in Axcel Management A/S, and Deputy Chairman in EG Holding A/S, Loopia Group AB and Ax IV CON II ApS. In addition, Christian Bamberger Bro is Chairman or board member of several other companies related to Axcel and is owner and member of the management board in FOCKS Holding ApS.

Management's Review

Board member, Nikolaj Vejlsgaard is Partner and board member in Axcel Managent A/S, board member in ERA A/S and subsidiaries, IP Gruppen Holding A/S and subsidiaries, Piste Invest ApS and subsidiaries, AXIII MP Holding ApS, IsaDora AB, Fondsmæglerselskabet Investering & Tryghed A/S, Mountain Top Holding III and subsidiaries, AX IV CON II ApS and other companies related to Axcel. Moreover, Nikolaj Vejlsgaard is member of the management board and owner of UIM Holding ApS and subsidiaries.

Board member, Jens Albert Harsaae is member of the executive management in Rakaas ApS, Chairman of the Board in LanguageWire Holding A/S and subsidiaries, Peter Justesen Company A/S, Brandhouse Gruppen A/S and subsidiaries, C. Holdco A/S, Plus Pack A/S and board member in Co-Ro Holding A/S and subsidiaries, CO-RO Foundation, Abacus Medicine, Jep Petersen Spedition A/S, Hypefactors A/S, Collektive ApS and AX IV CON II ApS.

Board member, Jakob Nordenhof Jønck is founder and owner of Feast Kitchen ApS, member of the executive board and owner of JNJ Invest ApS, member of the board in Lakrids by Johan Bülow A/S, and member of the board at Unisport A/S and AX IV CON II ApS.

CEO Claus Thorsgaard is Chairman of the Board in Targit A/S and holds board positions within the associated Conscia companies.

Board member Søren Linde holds no other managerial positions, and member of the executive management CFO Søren Bech Justesen holds no other positions than board positions within the associated Conscia companies.

Social responsibility

Conscia bases its business development on combining financial performance with socially responsible behaviour and environmental awareness. Conscia complies with applicable legislation, local as well as international, and in 2017 Conscia joined the UN Global Compact. As a natural part of our commitment to the UN Global Compact, Conscia has developed policies for the ethical conduct of the business.

Concerning technology, Conscia operates with WEEE Compliant Cisco hardware, which means that returned equipment will be sent to Cisco, and that Cisco will secure a reasonable handling of the hardware.

Conscia is focused on health and job satisfaction across the company and ensures that a healthy and safe working environment in accordance with current legislation is provided.

Conscia does not generate higher levels of direct pollution or emissions than the norm in the IT consultancy business. In 2018 Conscia has continued its effort to minimize the environmental implications of transportation between our offices by using telephone and video conference equipment to the extent possible.

Management's Review

Conscia supports all human rights within national laws as well as international laws. We strive to make the world a better place, and we acknowledge the importance of supporting the local community as well as helping in a larger perspective.

Conscia contributes to "Børnenes IT Fond", "Save the Children Denmark" and "Red Cross".
On top of supporting national and international organizations, Conscia also cooperates with several other businesses in strengthening the local society on an educational and environmental level. Moreover, Conscia is engaging with the IGU program ("Integrationsuddannelsen" in Danish). As of 30 September, Conscia has one employee from the program engaged.

In order to support the data protection for individuals within the European Union, Conscia has implemented the required IT measures internally to meet the EU GDPR standards, which was a requirement by EU May 25, 2018.

Conscia has an anti-corruption and anti-bribery policy in all affiliates and countries, as we do not accept corruption and bribery practice in any shape or form in our business. We expect the same from our suppliers.

Moreover, Conscia has introduced a central whistle-blower policy that enables all employees to anonymously report situations, incidents or circumstances that seem inappropriate or contrary to the Group's guidelines.

Employees and organization

Conscia's employees and their high focus on competencies and skills creates the foundation of the company. Conscia has an ongoing dialogue with the employees to always understand how the working environment can be improved. The performance is tracked through an employee satisfaction survey, where Conscia in 2018 reached an average employee Net Promoter Score (eNPS) of 60, which is considered very high in the industry.

In general, the employees are meant to experience an open and unprejudiced culture where the individual can use his or her skills in the best possible way, regardless of gender, age and ethnic background. Both women and men have the same opportunities for careers and leadership positions.

Conscia's overall policy is to employ or promote the best suitable persons no matter of gender. Traditionally, the leading positions within the business are over-represented by men just as applications for new positions are primarily received from men and this complicates the work towards gender balance.

Conscia's policy in relation to the under-represented gender is reassessed on an ongoing basis to create a basis for increasing the gender equality.

Management’s Review

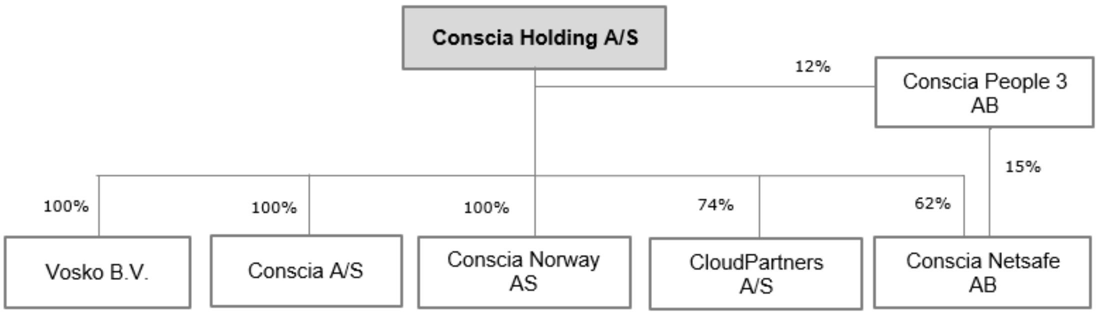
Top management

The board consists of 6 people that are all men. It is Conscia’s aim that at least one member must be from the under-represented gender in 2020. As a consequence of business conditions, the target is not yet fulfilled.

Other leading positions

It is the management's aim to increase the number of female leaders in Conscia through interviews, development programs, training etc. As of 30 September, the Leadership team in Conscia consist of one member from the under-represented gender (13%), which is one more than last year. Onwards, Conscia will continue to work dedicatedly on having both male and female candidates in the recruiting process for management positions.

Organizational structure



As of 30th September 2018, Conscia has 357 employees, which is an increase of 7% (24 employees) since September 2017. 223 employees (62%) are located outside Denmark.

Share based remuneration

In order to encourage common goals between key employees and the company's strategy, an investment program for management, external board members and a number of employees was established in 2016. Please see note two for further information.

Ownership

Conscia Holding A/S is fully owned by AX IV CON II ApS. AX IV CON II ApS is financed by a combination of equity and loan capital. The company’s equity consists of one class of shares, which is fully owned by AX IV CON I ApS and the loan capital consists of bank loan and a Payment in Kind (PIK) toggle facility. The level of debt is deemed to be appropriate in relation to the need for financial flexibility in Conscia Holding A/S and its subsidiaries.

Management's Review

Risks

Conscia Group is exposed to uncertainties and risk factors, which may affect some or all of the company's activities.

Contractual risks

As Conscia's business model is founded upon extensive partnerships, it is essential to secure that vendor contracts or other agreements do not impose abnormal obligations on Conscia, nor are drafted in an unbalanced manner with regards to the protection of Conscia's business. Therefore, before entering any agreements, suppliers are thoroughly evaluated with regards to financial solidity, delivery quality, timeliness as well as overall reliability.

Employee risks

Conscia acknowledge that the employees are the most important asset of the company. As Conscia's business model is founded upon IT consultancy and extensive partnerships, having the right competencies with the adequate experience is vital. Therefore, it is important that Conscia continues to attract, retain and develop skilled employees. Failure to do so will negatively impact the continued development of the company.

Currency risks

Conscia is exposed to currency fluctuations in the countries where it has its main activities. The risk relates primarily to the rise/fall in USD, as almost all hardware and software are purchased in USD. It is a Group policy to seek to offset exchange-rate risks by matching revenue, as well as other positive cash flow, against costs in the same currencies. If this is not possible, the currency exchange risk is hedged via foreign exchange contracts, no speculative currency positions are taken.

Exchange rate fluctuations related to the translation of the results and intercompany balance of foreign subsidiaries at the balance sheet date constitute a risk. The company does not hedge this type of risk. Consequently, the Group may be affected in the short term by exchange rate fluctuations related to the translation of the results and intercompany balance of subsidiaries into DKK.

IT risks

Conscia uses IT to a significant extent and is vulnerable to interruptions of operation and breaches of the established security. Conscia has a large number of IT security specialists that assist our clients, but also supports the improvement of own IT security to ensure that a high level of security is always maintained. Additionally, an internal IT Information Security Policy secures the employees are knowledgeable with best possible way of minimizing the risk of exposing or loosing data, in case of accidents, theft, intentional and unintentional data leaks or direct attacks.

The Audit Committee assists the board of directors with reviews of financial reporting processes, review of internal control systems including risk management and the on-going dialogue with external auditor.

Management’s Review

Research and development activities

Conscia does not carry out research but is continuously developing internal systems to support its customers' business.

Outlook for 2018/2019

In 2018/2019, Conscia expects growth in revenue, EBITDA and in number of employees.

Events subsequently to the financial year

No events have occurred subsequently to the balance sheet date, which would have material impact on the financial position of the company.

Deviation by recognition or measurement

During the financial year, there has been no deviation by recognition and measurement of account entries in neither the group accounts nor the financial report respectively.

Income Statement 1 October - 30 September

	Note	Group 2017/18	Group 2016/17	Parent company 2017/18	Parent company 2016/17
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**1,545,200**	**1,056,821**	**823**	**975**
Other operating income		15	0	0	0
Expenses for raw materials and consumables		-1,020,163	-726,581	0	0
Other external expenses		-62,234	-35,925	-2,667	-1,028
Gross profit/loss		**462,818**	**294,315**	**-1,844**	**-53**
Staff expenses	2	-280,837	-175,107	-8,204	-4,420
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-57,360	-27,582	0	0
Other operating expenses		-1,016	0	0	0
Profit/loss before financial income and expenses		**123,605**	**91,626**	**-10,048**	**-4,473**
Income from investments in subsidiaries		0	0	58,719	687
Financial income	3	2,141	3,522	2,376	1,484
Financial expenses	4	-26,474	-8,552	-12,208	-4,820
Profit/loss before tax		**99,272**	**86,596**	**38,839**	**-7,122**
Tax on profit/loss for the year	5	-36,985	-22,301	4,366	1,716
Net profit/loss for the year		**62,287**	**64,295**	**43,205**	**-5,406**

Balance Sheet 30 September

Assets

	Note	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent company 2017/18 TDKK	Parent company 2016/17 TDKK
Acquired other similar rights		6,815	2,212	0	0
Goodwill		910,900	957,608	0	0
Intangible assets	6	**917,715**	**959,820**	**0**	**0**
Other fixtures and fittings, tools and equipment		13,026	14,838	0	0
Property, plant and equipment	7	**13,026**	**14,838**	**0**	**0**
Investments in subsidiaries	8	0	0	557,532	562,425
Deposits	9	2,412	2,753	0	0
Fixed asset investments		**2,412**	**2,753**	**557,532**	**562,425**
Fixed assets		**933,153**	**977,411**	**557,532**	**562,425**
Inventories	10	**73,115**	**86,744**	**0**	**0**
Trade receivables		281,110	186,423	0	0
Contract work in progress	11	2,795	18,357	0	0
Receivables from group enterprises		53,114	16,400	44,195	60,023
Other receivables	17	41,460	18,992	138	539
Deferred tax provision	14	2,060	2,416	172	60
Corporation tax receivable from group enterprises		6,481	0	5,910	1,656
Prepayments	12	1,765	14,774	1,182	1,388
Receivables		**388,785**	**257,362**	**51,597**	**63,666**
Cash at bank and in hand		**79,762**	**46,561**	**30,642**	**5,530**
Currents assets		**541,662**	**390,667**	**82,239**	**69,196**
Assets		**1,474,815**	**1,368,078**	**639,771**	**631,621**

Balance Sheet 30 September

Liabilities and equity

	Note	Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
		TDKK	TDKK	TDKK	TDKK
Share capital		600	500	600	500
Share premium account		92,635	0	92,635	0
Retained earnings		320,757	294,907	231,959	223,754
Proposed dividend for the year		35,000	0	35,000	0
Equity attributable to shareholders of the Parent Company		**448,992**	**295,407**	**360,194**	**224,254**
Minority interests		10,270	5,153	0	0
Equity		**459,262**	**300,560**	**360,194**	**224,254**
Provision for deferred tax	14	1,346	1,174	0	0
Corporate tax	15	2,319	0	0	0
Provisions		**3,665**	**1,174**	**0**	**0**
Credit institutions		518,647	548,816	110,699	147,394
Payables to group enterprises relating to corporation tax		16,708	0	0	0
Other payables		5,040	846	0	0
Long-term debt	16	**540,395**	**549,662**	**110,699**	**147,394**

Balance Sheet 30 September *(continued)*

Liabilities and equity

		Group		Parent company	
	Note	2017/18	2016/17	2017/18	2016/17
		TDKK	TDKK	TDKK	TDKK
Credit institutions	16	34,133	64,219	28,928	19,843
Prepayments received from customers		55,697	38,469	0	0
Trade payables		249,604	166,951	622	5,917
Contract work in progress, liabilities	11	271	39,016	0	0
Payables to group enterprises		0	92,088	137,540	225,175
Corporation tax		24,003	22,579	0	0
Payables to group enterprises relating to corporation tax	16	19,849	0	0	0
Other payables	16,17	87,936	93,360	1,788	9,038
Short-term debt		**471,493**	**516,682**	**168,878**	**259,973**
Debt		**1,011,888**	**1,066,344**	**279,577**	**407,367**
Liabilities and equity		**1,474,815**	**1,368,078**	**639,771**	**631,621**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	500	0	294,907	0	295,407	5,153	300,560
Exchange adjustments	0	0	-578	0	-578	-203	-781
Cash capital increase	100	92,635	0	0	92,735	1,058	93,793
Fair value adjustment of hedging instruments, beginning of year	0	0	2,342	0	2,342	0	2,342
Fair value adjustment of hedging instruments, end of year	0	0	1,061	0	1,061	0	1,061
Net profit/loss for the year	0	0	23,025	35,000	58,025	4,262	62,287
Equity at 30 September	**600**	**92,635**	**320,757**	**35,000**	**448,992**	**10,270**	**459,262**

Parent company

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
Equity at 1 October	500	0	223,754	0	224,254	0	224,254
Cash capital increase	100	92,635	0	0	92,735	0	92,735
Net profit/loss for the year	0	0	8,205	35,000	43,205	0	43,205
Equity at 30 September	**600**	**92,635**	**231,959**	**35,000**	**360,194**	**0**	**360,194**

Cash Flow Statement 1 October - 30 September

	Note	Group 2017/18 TDKK	Group 2016/17 TDKK
Net profit/loss for the year		62,287	64,295
Adjustments	19	117,898	54,914
Change in working capital	20	-46,030	-20,556
Cash flows from operating activities before financial income and expenses		**134,155**	**98,653**
Financial income		2,141	2,922
Financial expenses		-22,670	-7,952
Cash flows from ordinary activities		**113,626**	**93,623**
Corporation tax paid		-4,958	-30,613
Cash flows from operating activities		**108,668**	**63,010**
Purchase of intangible assets		-11,218	-1,699
Purchase of property, plant and equipment		-1,441	-2,166
Fixed asset investments made etc		-721	-736,531
Sale of fixed financial assets		1,061	670
Cash flows from investing activities		**-12,319**	**-739,726**
Repayment of loans from credit institutions		-63,793	-12,102
Repayment of payables to group enterprises		-92,089	75,621
Raising of creditinstitutions		0	612,154
Cash capital increase		92,734	0
Dividend paid		0	-348
Cash flows from financing activities		**-63,148**	**675,325**
Change in cash and cash equivalents		**33,201**	**-1,391**
Cash and cash equivalents at 1 October		46,561	47,952
Cash and cash equivalents at 30 September		**79,762**	**46,561**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		79,762	46,561
Cash and cash equivalents at 30 September		**79,762**	**46,561**

Notes to the Financial Statements

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK

1 Revenue

All sale are primarily on the northern european market.

	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent company 2017/18 TDKK	Parent company 2016/17 TDKK
Hardware, software and service	1,334,540	894,501	823	975
Own services and consultant service	210,660	162,320	0	0
	1,545,200	**1,056,821**	**823**	**975**

2 Staff expenses

	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent company 2017/18 TDKK	Parent company 2016/17 TDKK
Wages and salaries	218,235	140,798	7,274	3,954
Pensions	19,932	11,943	513	332
Other social security expenses	17,706	10,608	27	8
Other staff expenses	24,964	11,758	390	126
	280,837	**175,107**	**8,204**	**4,420**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	3,459	3,217	3,459	3,217
Board of directors	800	804	800	804
	4,259	**4,021**	**4,259**	**4,021**
Average number of employees	**341**	**201**	**4**	**3**

Notes to the Financial Statements

2 Staff expenses (continued)

Share based remuneration – share option program

In order to encourage common goals between key employees and the company's strategy, an investment program ("MIP") for management, external board members and a number of employees was established in 2016. The share capital in AX IV CON ApS is nominally DKK 3,197,148, divided into shares of DKK 0.001 each, which is further divided into four share classes (A, B, C and D) cf. the Article of Association. As of 30 September 2018, Conscia owns nominally DKK 27,854 own shares (0.9%) and nominally DKK 779,294 (24.4%) are held by MIP participants. Please see the table below for developments in investments for 2017/2018.

Further to the shareholdings, as of 30 September 2018 the MIP participants hold 31,132,977 warrants in AX IV Con ApS. Each such warrant entitles the holder to subscribe for one B-share of nominally DKK 0.001.

Purchase price of the shares is fair market value cf. general accepted valuation principles. Hence, the share option program is treated as an equity-based program.

Shares	A Shares	B Shares	C shares	D Shares
As of 1 Oktber 2017	728,773	78,439	236,610	2,390
Granted during the year	38,658	4,295	-	-
Terminations	-11,250	-3,785	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
As of 30 September 2018	701,365	77,929	236,610	2,390

3 Financial income

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	554	600	2,212	600
Other financial income	1,486	1,947	144	0
Exchange adjustments	101	975	20	884
	2,141	**3,522**	**2,376**	**1,484**

Notes to the Financial Statements

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK

4 Financial expenses

Interest paid to group enterprises	2,134	1,018	4,711	2,710
Other financial expenses	22,763	7,534	7,476	2,110
Exchange adjustments, expenses	1,577	0	21	0
	26,474	**8,552**	**12,208**	**4,820**

5 Tax on profit/loss for the year

Current tax for the year	35,487	23,981	-4,254	-1,656
Deferred tax for the year	1,498	-1,680	-112	-60
	36,985	**22,301**	**-4,366**	**-1,716**

6 Intangible assets

Group

	Acquired other similar rights	Goodwill
	TDKK	TDKK
Cost at 1 October	5,502	1,024,155
Exchange adjustment	0	-863
Additions for the year	5,898	5,320
Cost at 30 September	11,400	1,028,612
Impairment losses and amortisation at 1 October	3,290	66,547
Amortisation for the year	1,295	51,165
Impairment losses and amortisation at 30 September	4,585	117,712
Carrying amount at 30 September	**6,815**	**910,900**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 October	35,612
Additions for the year	4,457
Disposals for the year	-4,931
Cost at 30 September	35,138
Impairment losses and depreciation at 1 October	21,825
Depreciation for the year	5,187
Impairment and depreciation of sold assets for the year	-4,900
Impairment losses and depreciation at 30 September	22,112
Carrying amount at 30 September	**13,026**

8 Investments in subsidiaries

	Parent company	
	2017/18	2016/17
	TDKK	TDKK
Cost at 1 October	562,426	252,990
Additions for the year	847	309,448
Adjustment prior year	-5,741	-13
Carrying amount at 30 September	**557,532**	**562,425**

Notes to the Financial Statements

8 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Conscia A/S	Denmark, Brøndby		100%	128,358	58,719
Conscia People 3 AB	Sweden, Stockholm		12%	136	366
Netsafe International AB	Sweden, Stockholm		62%	17,975	11,774
Conscia Norge AS	Norway, Oslo		100%	4,795	1,579
Cloudpartners A/S	Denmark, Viby		74%	2,660	-1,565
Vosko B.V.	Netherlands, Gouda		100%	304,903	16,813

9 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 October	2,512
Disposals for the year	-100
Cost at 30 September	2,412
Carrying amount at 30 September	**2,412**

10 Inventories

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	15,273	14,985	0	0
Finished goods and goods for resale	57,842	71,544	0	0
Prepayments for goods	0	215	0	0
	73,115	**86,744**	**0**	**0**

Notes to the Financial Statements

		Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
		TDKK	TDKK	TDKK	TDKK
11	**Contract work in progress**				
	Selling price of work in progress	20,427	130,833	0	0
	Payments received on account	-17,903	-151,492	0	0
		2,524	**-20,659**	**0**	**0**
	Recognised in the balance sheet as follows:				
	Contract work in progress recognised in assets	2,795	18,357	0	0
	Prepayments received recognised in debt	-271	-39,016	0	0
		2,524	**-20,659**	**0**	**0**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

13 Distribution of profit

	Group 2017/18	Group 2016/17	Parent company 2017/18	Parent company 2016/17
Proposed dividend for the year	35,000	0	35,000	0
Minority interests	4,262	3,738	0	0
Retained earnings	23,025	60,557	8,205	-5,406
	62,287	**64,295**	**43,205**	**-5,406**

Notes to the Financial Statements

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
14 Deferred tax provision				
Intangible fixed assets	1,499	486	0	0
Tangible fixed assets	81	399	0	0
Work in progress for the account og costumers	394	582	0	0
Borrowing costs	-825	0	-172	-60
Defered expences	197	174	0	0
Debt	0	-1,206	0	0
Income for later taxation	0	739	0	0
Tax loss carry-forward	-2,060	-2,416	0	0
Transferred to deferred tax asset	2,060	2,416	172	60
	1,346	**1,174**	**0**	**0**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	2,060	2,416	172	60
Carrying amount	**2,060**	**2,416**	**172**	**60**

The deferred tax asset is expected to be realized through expected profits within the next 3 years.

15 Corporate tax

The company has a tax provision

Other provisions	2,319	0	0	0
	2,319	**0**	**0**	**0**

Notes to the Financial Statements

16 Long-term debt

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	475,835	394,000	82,538	99,800
Between 1 and 5 years	42,812	154,816	28,161	47,594
Long-term part	518,647	548,816	110,699	147,394
Within 1 year	34,133	35,357	0	-8,571
Other short-term debt to credit institutions	0	28,862	28,928	28,414
Short-term part	34,133	64,219	28,928	19,843
	552,780	**613,035**	**139,627**	**167,237**
Payables to group enterprises relating to corporation tax				
Between 1 and 5 years	16,708	0	0	0
Long-term part	16,708	0	0	0
Within 1 year	19,849	0	0	0
	36,557	**0**	**0**	**0**
Other payables				
Between 1 and 5 years	5,040	846	0	0
Long-term part	5,040	846	0	0
Within 1 year	3,801	-882	0	0
Other short-term payables	84,135	94,242	1,788	9,038
Short-term part	87,936	93,360	1,788	9,038
	92,976	**94,206**	**1,788**	**9,038**

Notes to the Financial Statements

17 Derivative financial instruments

The company's outstanding accounts in foreign currency and the related hedging transactions as per 30 September 2018 are as follows (DKK in thousands):

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
Assets	1,061	0	0	0
Liabilities	0	2,342	0	0

For currency hedging of the future purchase of goods in USD, the company has entered into forward exchange contracts of total TDKK 81,288. Compared to forward prices at the balancesheet date, the contracts have a fair value of TDKK 1,061. The capital gain is recongnized in the equity.

18 Deferred income

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

19 Cash flow statement - adjustments

	Group	
	2017/18	2016/17
	TDKK	TDKK
Financial income	-2,141	-2,922
Financial expenses	26,474	7,952
Depreciation, amortisation and impairment losses, including losses and gains on sales	57,361	27,581
Tax on profit/loss for the year	36,985	22,301
Exchange adjustments	-781	0
	117,898	**54,912**

Notes to the Financial Statements

20 Cash flow statement - change in working capital

	Group 2017/18 TDKK	Group 2016/17 TDKK
Change in inventories	13,630	-2,020
Change in receivables	-125,296	-61,994
Change in other provisions	2,319	0
Change in trade payables, etc	59,914	43,458
Fair value adjustments of hedging instruments	3,403	0
	-46,030	**-20,556**

21 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2017/18 TDKK	Group 2016/17 TDKK	Parent company 2017/18 TDKK	Parent company 2016/17 TDKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	16,569	19,405	0	0
Between 1 and 5 years	34,317	38,527	0	0
After 5 years	35,435	39,447	0	0
	86,321	**97,379**	**0**	**0**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of AX IV Con ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

22 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act, only transactions that are not performed on market conditions are to be disclosed.

Consolidated Financial Statements

The company is included in the consolidated annual accounts for AX IV Con ApS. The annual reports for 2017/2018 for AX IV Con ApS can be obtained from the danish business authority.

Name	Place of registered office
AX IV Con ApS (ultimate parent)	Brøndby, Denmark

23 Fee to auditors appointed at the general meeting

	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	563	573	3	0
Other assurance engagements	65	65	15	0
Tax advisory services	78	73	2	0
Other Services	0	630	0	0
	706	**1,341**	**20**	**0**

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Conscia Holding A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

With reference to a true and fair view, certain reclassifications have been made in the income statement, Balance sheet and notes for the company and group. Comparative figures are adjustet accordingly.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017/18 are presented in TDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Minority interests

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

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

Translation policies

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

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Revenue

Information on business segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

24 Accounting Policies (continued)

Income Statement

Revenue

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

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

The estimated financial life is based on the activity's unique commercial position and the employee's commercial and technical skills that are expected to be in use for at least 20 years.

Acquried other similer rights are mesured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and are amortised over the licence periode; however not exceeding 3 years.

Notes to the Financial Statements

24 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of rent deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

24 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

24 Accounting Policies (continued)

Current tax receivables and liabilities

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

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

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

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year 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 net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

24 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
EBITDA ratio	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
EBITDA normalized ratio	$\frac{\text{EBITDA normalized x 100}}{\text{Revenue}}$
EBITA ratio	$\frac{\text{EBITA x 100}}{\text{Revenue}}$