Conscia Holding A/S

Kirkebjerg Parkvej 9, 2., 2605 Brøndby

Company reg. no. 36 45 09 83

Annual report

1 October 2015 - 30 September 2016

The annual report has been submitted and approved by the general meeting on 24 November 2016.

Klaus Skov Mortensen
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive management have today presented the annual report of Conscia Holding A/S for the financial year 1 October 2015 to 30 September 2016.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 30 September 2016, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 October 2015 to 30 September 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Brøndby, 24 November 2016

Executive management

Mogens Bransholm

Søren Bech Justesen

Board of directors

Mogens Munkholm Elsberg
Chairman of the Board

Christian Bamberger Bro
Deputy Chairman of the Board

Klaus Skov Mortensen

Jens Albert Harsaae

Nikolaj Vejlsgaard

Jakob Nordenhof Jønck

Casper Hviid

The independent auditor's reports

To the shareholders of Conscia Holding A/S

Report on the consolidated annual accounts and the annual accounts

We have audited the consolidated annual accounts and the annual accounts of Conscia Holding A/S for the financial year 1 October 2015 to 30 September 2016, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control considered necessary in order to prepare consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated annual accounts and the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts and the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the consolidated annual accounts and the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of consolidated annual accounts and annual accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the consolidated annual accounts and the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 30 September 2016 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 October 2015 to 30 September 2016 in accordance with the Danish Financial Statements Act.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the performed audit of the consolidated annual accounts and the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts.

Copenhagen, 24 November 2016

Grant Thornton

Company reg. no. 34 20 99 36

Jan Tønnesen
State Authorised Public Accountant

Claus Koskelin
State Authorised Public Accountant

Company data

The company	Conscia Holding A/S Kirkebjerg Parkvej 9, 2. 2605 Brøndby
	Company reg. no. 36 45 09 83 Financial year: 1 October - 30 September 2nd financial year
Board of directors	Mogens Munkholm Elsberg, Chairman of the Board Christian Bamberger Bro, Deputy Chairman of the Board Klaus Skov Mortensen Jens Albert Harsaae Nikolaj Vejlsgaard Jakob Nordenhof Jønck Casper Hviid
Executive management	Mogens Bransholm Søren Bech Justesen
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø

Consolidated financial highlights

DKK in thousands.	2015/16	2014/15	2013/14
Profit and loss account:			
Net turnover	757.061	789.946	553.933
Gross profit	202.913	179.001	129.580
EBITDA	83.014	92.875	63.283
EBITA	82.188	92.476	62.941
Results from operating activities	67.315	79.386	51.353
Net financials	-156	-33	56
Results for the year	49.570	57.002	36.063
Balance sheet:			
Results for the year	435.966	530.960	385.312
Investments in tangible fixed assets represent	3.875	1.034	430
Equity	237.526	279.118	223.321
Cash flow:			
Operating activities	43.323	85.939	87.139
Investment activities	-12.373	-35.630	-19.423
Financing activities	-91.190	-180	-29.801
Cash flow in total	-60.240	50.129	37.916
Employees:			
Average number of full time employees	120	85	64
Key figures in %: *)			
Gross margin	26,8	22,7	23,4
Profit margin	8,9	10,0	9,3
Acid test ratio	101,0	121,6	108,2
Solvency ratio	54,5	52,6	58,0
Return on equity	19,2	22,7	32,3

*) The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark. As to definitions, please see the section on accounting policies used.

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 in Denmark, Sweden and Norway. The technological areas of focus are network infrastructure, data center, mobility and security, and the solutions are based primarily on Cisco technology. Conscia also offers its unique, Cisco-awarded service concept CNS (Conscia Network Services) and other services that give customers direct access to highly certified network consultants, fast troubleshooting and stable operation.

Conscia is a Cisco certified Gold Partner and in addition, Conscia has partnerships with other vendors such as Citrix, VmWare, EMC, VCE, Packetfront, Genexis and MobileIron.

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 2015/2016 the Conscia Group had three clear objectives:

- ensuring continuous development of customers' IT infrastructure
- striving to have the highest competencies and professional skills within our areas of expertise
- expand Conscia's presence in Northern Europe

In January 2016, Conscia Holding A/S acquired the Norwegian company Pundit Networks AS with expertise in networking, security and data center. Conscia Group has increased the presence and activity level significantly in Norway and Sweden and thus, Conscia is now Cisco Gold Partner in both Denmark, Sweden and Norway.

A proof-point of our technology expertise are the several recognitions of Conscia during the year:

At Cisco Partner Summit in spring 2016, Conscia was recognized as the EMEAR Enterprise Partner of the Year due to best-in-class business practices, and for the ability to serve as a model to the industry.

Cisco also awarded Conscia as the Data Center Partner of the Year in Northern Europe, something that to a very large degree has been driven by our strong efforts within Cisco's ACI-technology. In addition, Conscia was recognized by Citrix as the EMEA Mobility Partner of the Year. And in Computerworld Denmark's annual TOP100 business ranking, Conscia came out as number two, however first in important categories such as Network and Services.

Conscia's EBITDA for 2015/2016 amounts to DKK 83,0 million compared to DKK 92,9 million for the same period in 2014/2015, equaling a decrease of 10.6 %. The decrease in EBITDA is a result of increasing costs related to building the base for future growth.

Management's review

The parent company's EBITDA for 2015/2016 shows a loss of DKK 2,7 million, caused by the employment of an executive management.

The financial performance in 2015/2016 for Conscia Holding A/S was according to expectations, and management considers the results for the year satisfactory.

Corporate Governance

By virtue of its 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 seven 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 monthly basis and the audit committee meets twice a year.

The board of directors and executive management including other managerial positions

Chairman of the Board, Mogens Munkholm Elsberg is also CEO at Bluegarden and Chairman of the Board in Shopall24 Group, ForNAV ApS, Globeteam A/S and AX IV CON II ApS. Moreover, Mogens Munkholm Elsberg is board member in Shippii ApS and member of the management board and owner of DOMO ApS.

Deputy Chairman, Christian Bamberger Bro is Partner in Axcel Management A/S and Deputy Chairman of the board in EG Holding A/S, Lessor Group ApS and AX IV CON II ApS.

Board member, Nikolaj Vejlsgaard is Partner in Axcel Management A/S and board member in ERA A/S and subsidiaries, IP Gruppen Holding A/S and subsidiaries, AXIII MP Holding ApS, Axcel Management A/S, Lessor Group ApS, 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.

Management's review

Board member, Klaus Skov Mortensen is Associated Director in Axcel and board member in AX IV CON II ApS and board member in Conscia Holdings A/S' subsidiaries.

Board member, Jens Albert Harsaae is member of the executive management in Rakaas ApS, Chairman of the Board in Peter Justesen Company A/S, Brandhouse Gruppen A/S, Brandhouse A/S, C. Holdco A/S, Plus Pack A/S and board member in Co-Ro A/S, Co-Ro Holding A/S, Jep Petersen Spedition A/S 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 Holding ApS, and member of the board in Rokoko Electronics ApS, LEO Innovation Lab and AX IV CON II ApS.

Board member Casper Hviid holds no other managerial positions.

Member of the executive management, CEO Mogens Bransholm is member of the board in Danish IT Industry Association.

Member of the executive management, CFO Søren Bech Justesen is member of the board in Serenova A/S.

Social responsibility

Conscia bases its business development on combining financial performance with socially responsible behavior and environmental awareness. Conscia complies with applicable legislation, local as well as international. In the conduct of business, Conscia aims to maintain highest ethical standards and strives to conduct its activities with integrity and responsibility. Concerning technology, Conscia operates with WEEE Compliant Cisco hardware, which means that returned equipment will be send to Cisco, and that Cisco will secure a reasonable handling of the hardware.

Conscia does not generate higher levels of direct pollution or emissions than the norm in the IT consultancy business.

In 2016 Conscia introduced an anti-corruption and -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, in 2016 Conscia introduced a central whistleblower policy that enables all employees to anonymously report situations, incidents or circumstances that seem inappropriate or contrary to the Group's guidelines.

In 2017 Conscia will adopt policies regarding social responsibility.

Management's review

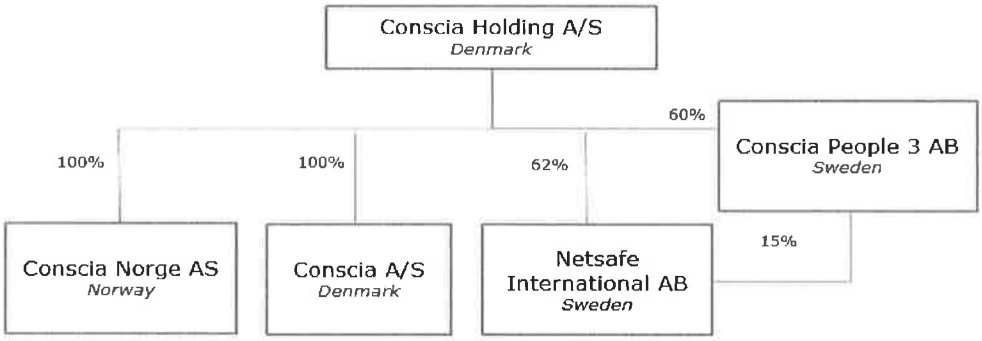
Employees and organization

The employees and their high focus on competencies and skills create the foundation for the company.

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.

In future recruitment and appointments, it is the Group policy to seek higher representation of the underrepresented gender in the board and executive management within a few years, taking into account that the positions should always be filled by the best qualified candidates regardless of gender. Currently, all members of the board and executive management are male. The policy is not yet fulfilled.

Organizational structure:



As of 30th September 2016, Conscia represents 135 employees, which is an increase of 25 employees since same time last year. 43 employees are located outside of Denmark.

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 ApS and the loan capital consists of bank debt. The level of debt is deemed to be appropriate in relation to the need for financial flexibility at Conscia Holding A/S and its subsidiaries.

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.

Management's review

Employee risks

The employees and their high focus on competencies and skills create the foundation 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. I.e. the risks relate primarily to the rise/fall in USD, as almost all hardware and software are purchased in USD. It is 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 exchange risk 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 continuously seeks to improve its IT security in order to ensure that a high level of security is maintained at all times.

The applied 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 the external auditor.

Research and development activities

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

Outlook for 2016/2017

In 2016/2017, Conscia expects growth in revenue, EBITDA and in number of employees.

Events subsequent to the financial year

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

Management's review

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.

Accounting policies used

The annual report for Conscia Holding A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises) for the parent company and class C enterprises (large enterprises) for the group.

The accounting policies used are unchanged compared to last year and stated in 1.000 Danish Kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, including depreciation, amortisation, writedown, provisions, and reversals, which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way, capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. Transactions at secured exchange rates are recognised at security rate, mainly included in the gross profit.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

Fixed assets acquired in foreign currency are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

Derivative financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Subsequently, they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future assets and liabilities are recognised under debtors or creditors and in the equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Conscia Holding A/S and those group enterprises of which Conscia Holding A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

By the takeover of new enterprises, the acquisition method is used, which means that the identified assets and liabilities of the newly acquired enterprises are measured at their fair value at the date of acquisition. Provisions are made for covering the costs of decided and published restructurings of the acquired enterprise in relation to the acquisition.

Accounting policies used

The positive difference (goodwill) between cost and fair value of taken-over, identified assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and amortised systematically in the profit and loss account after an individual evaluation of their financial lifetime, however, with a maximum of 20 years. Negative differences (negative goodwill) which reflects an expected adverse development in the relevant enterprises are recognised in the balance sheet under accruals and recognised in the profit and loss account concurrently with the adverse development being realised. In relation to negative goodwill not concerning expected adverse development, an amount corresponding to the fair value of non-monetary assets is recognised in the balance sheet. Subsequently, the non-monetary assets are recognised in the profit and loss account over their average lifetime.

Goodwill and negative goodwill from acquired enterprises may be adjusted until the end of the year after the year of acquisition.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises is adjusted annually and recognised as separate items in the profit and loss account and in the balance sheet.

The profit and loss account

Net turnover

The net turnover for sold goods and related manufacturer delivered services is recognized in the profit and loss account if delivery and risk transfer to the buyer have taken place before year-end, and if the income can be determined reliably and is expected to be received. The net turnover for own service and consulting services is recognized in steps with the performance of the task, exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Raw materials and consumables used

Raw materials and consumables used include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income/costs

Other operating income and costs comprise accounting items of secondary nature in proportion to the main activities of the enterprise, including gains and losses on disposal of intangible and tangible fixed assets.

Accounting policies used

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Tax on ordinary results

The on ordinary results comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent company and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Software

Software is measured at cost less accumulated amortisation, or at recoverable value, whichever is lower.

Software is amortised on a straight-line basis over the etimated financial useful life, which is 3 years. The scrap value is DKK 0.

Goodwill

Purchased goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated financial life, which is 20 years.

Accounting policies used

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.

Tangible fixed assets
Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

The group has no financially leased assets.

Writedown of fixed assets
The book values of both intangible and tangible fixed assets are subject to annual review in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed in the review, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable value, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Accounting policies used

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Inventories

Trade goods and sold non-delivered goods are measured at cost. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods and sold non-delivered goods comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Work in progress for the account of customers

Work in progress for the account of customers is measured at the sales value of the work performed. The sales value is measured on basis of the scope of completion on the balance sheet date and the total expected income from the individual work in progress.

When the sales value of a contract cannot be determined reliably, the sales value is measured at the costs incurred or at the net realisable value, if this is lower.

The individual work in progress is recognised in the balance sheet under debtors or liabilities, depending on the net value of the sales price with deduction of prepayments and amounts invoiced on account.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Deferred expenses

Deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Cash funds

Cash funds comprise cash at bank and in hand.

Accounting policies used

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Purchase and sale of own capital shares, including cash settlement of issued warrants, is recognized directly to equity.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Conscia Holding A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Liabilities relating to investment properties are measured at amortised cost.

Liabilities are measured at amortised cost, which usually corresponds to the nominal value.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Accounting policies used

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities and payments related to the acquisition and sale of fixed assets.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short term securities which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Segment information

Segment information on activity is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

The key figures

The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark.

The key figures in the survey appear as follows:

Gross margin

$$\frac{\text{Gross results x 100}}{\text{Net turnover}}$$

Profit margin (EBIT margin)

$$\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Net turnover}}$$

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short-term liabilities}}$$

Accounting policies used

Solvency ratio

$$\frac{\text{Equity less minority interests, closing balance x 100}}{\text{Assets in total, closing balance}}$$

Return on equity

$$\frac{\text{*Results x 100}}{\text{Average equity exclusive of minority interests}}$$

***Results**

Results for the year with deduction of minority interests' share of same

Profit and loss account 1 October - 30 September

DKK in thousands.

Note		Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
1	Net turnover	757.061	789.946	1.067	0
	Raw materials and consumables used	-529.014	-588.460	0	0
	Other external costs	-25.134	-22.485	-670	-511
	Gross results	**202.913**	**179.001**	**397**	**-511**
2	Staff costs	-119.899	-86.126	-3.082	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-14.995	-13.489	0	0
	Other operating costs	-704	0	0	0
	Operating profit	**67.315**	**79.386**	**-2.685**	**-511**
	Income from equity investments in group enterprises	0	0	109.034	0
	Other financial income from group enterprises	0	0	177	124
	Other financial income	458	170	296	0
3	Other financial costs	-614	-203	-698	-791
	Results before tax	**67.159**	**79.353**	**106.124**	**-1.178**
4	Tax on ordinary results	-18.042	-21.852	612	260
	Results for the year	**49.117**	**57.501**	**106.736**	**-918**
	The minority interests' share of the results of the subsidiaries	453	-499	0	0
	The group share of the results for the year	**49.570**	**57.002**	**106.736**	**-918**

Proposed distribution of the results:

	2015/16	2014/15
Extraordinary dividend adopted during the financial year	27.500	0
Dividend for the financial year	0	63.500
Allocated to results brought forward	79.236	0
Allocated from results brought forward	0	-64.418
Distribution in total	**106.736**	**-918**

Balance sheet 30 September

DKK in thousands.

Assets

Note		Group 2016	Group 2015	Parent company 2016	Parent company 2015
	Fixed assets				
5	Software	1.565	1.300	0	0
6	Goodwill	230.052	230.018	0	0
	Intangible fixed assets in total	231.617	231.318	0	0
7	Other plants, operating assets, and fixtures and furniture	4.253	1.204	0	0
	Tangible fixed assets in total	4.253	1.204	0	0
8	Equity investments in group enterprises	0	0	252.960	244.664
9	Other debtors	2.064	1.496	0	0
	Financial fixed assets in total	2.064	1.496	252.960	244.664
	Fixed assets in total	**237.934**	**234.018**	**252.960**	**244.664**
	Current assets				
	Trade goods	778	2.974	0	0
	Sold non-delivered goods	11.169	9.950	0	0
	Inventories in total	11.947	12.924	0	0
	Trade debtors	116.008	153.823	0	0
10	Work in progress for the account of customers	3.362	2.328	0	0
	Amounts owed by group enterprises	0	0	14.526	7.136
	Deferred tax assets	0	0	0	247
	Receivable corporate tax	0	0	885	13
	Other debtors	17.377	17.811	10	0
11	Deferred expenses	1.386	1.864	12	0
	Debtors in total	138.133	175.826	15.433	7.396
	Cash funds	47.952	108.192	2.835	3.823
	Current assets in total	**198.032**	**296.942**	**18.268**	**11.219**
	Assets in total	**435.966**	**530.960**	**271.228**	**255.883**

Balance sheet 30 September

DKK in thousands.

Equity and liabilities

Note		Group 2016	Group 2015	Parent company 2016	Parent company 2015
	Equity				
12	Contributed capital	500	500	500	500
13	Results brought forward	237.026	215.118	229.160	149.924
14	Proposed dividend for the financial year	0	63.500	0	63.500
	Equity in total	**237.526**	**279.118**	**229.660**	**213.924**
15	**Minority interests**	**661**	**1.311**	**0**	**0**
	Provisions				
16	Provisions for deferred tax	1.751	6.355	0	0
	Provisions in total	**1.751**	**6.355**	**0**	**0**
	Liabilities				
	Prepayments received from customers	5.362	6.152	0	0
10	Prepayments received from customers concerning work in progress for the account of customers	541	838	0	0
	Trade creditors	115.228	176.425	0	0
	Debt to group enterprises	0	0	25.093	25.757
	Corporate tax	22.609	14.251	0	0
	Other debts	52.288	46.510	16.475	16.202
	Short-term liabilities in total	196.028	244.176	41.568	41.959
	Liabilities in total	**196.028**	**244.176**	**41.568**	**41.959**
	Equity and liabilities in total	**435.966**	**530.960**	**271.228**	**255.883**

17 Fee, auditor

18 Mortgage and securities

19 Contingencies

20 Related parties

Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 October 2014	500	222.821	0	223.321
Profit or loss for the year brought forward	0	-6.498	63.500	57.002
Currency adjustment	0	43	0	43
Adjustment of foreign exchange contracts at fair value of futurepurchases and sales in foreign currency after tax	0	-1.108	0	-1.108
Settlement of warrants efter tax	0	-140	0	-140
Equity opening balance 1 October 2015	500	215.118	63.500	279.118
Distributed dividend	0	0	-63.500	-63.500
Profit or loss for the year brought forward	0	22.069	0	22.069
Extraordinary dividend adopted during the financial year	0	27.500	0	27.500
Distributed extraordinary dividend adopted during the financial year.	0	-27.500	0	-27.500
Currency adjustment	0	-53	0	-53
Adjustment of foreign exchange contracts at fair value of futurepurchases and sales in foreign currency after tax	0	-108	0	-108
	500	**237.026**	**0**	**237.526**

Statement of changes in equity of the parent company

DKK in thousands.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 October 2014	500	214.342	0	214.842
Profit or loss for the year brought forward	0	-64.418	63.500	-918
Equity opening balance 1 October 2015	500	149.924	63.500	213.924
Distributed dividend	0	0	-63.500	-63.500
Profit or loss for the year brought forward	0	79.236	0	79.236
Extraordinary dividend adopted during the financial year	0	27.500	0	27.500
Distributed extraordinary dividend adopted during the financial year.	0	-27.500	0	-27.500
	500	**229.160**	**0**	**229.660**

Cash flow statement 1 October - 30 September

DKK in thousands.

Note		Group 2015/16	Group 2014/15
	Results for the year	49.570	57.002
21	Adjustments	32.282	35.873
22	Change in working capital	-23.634	10.809
	Cash flow from operating activities before net financials	58.218	103.684
	Interest received and similar amounts	458	170
	Interest paid and similar amounts	-156	-203
	Cash flow from ordinary activities	58.520	103.651
	Corporate tax paid	-15.197	-17.712
	Cash flow from operating activities	**43.323**	**85.939**
	Purchase of intangible fixed assets	-1.027	-1.186
	Purchase of tangible fixed assets	-3.875	-1.034
	Purchase of financial fixed assets	-566	-540
	Purchase of enterprises and activities	-6.905	-32.870
	Cash flow from investment activities	**-12.373**	**-35.630**
	Settlement of warrants	0	-180
	Dividend paid	-91.190	0
	Cash flow from financing activities	**-91.190**	**-180**
	Changes in available funds	**-60.240**	**50.129**
	Cash funds opening balance	108.192	58.063
	Cash funds closing balance	**47.952**	**108.192**
	Available funds		
	Cash funds	47.952	108.192
	Available funds closing balance	**47.952**	**108.192**

Notes

DKK in thousands.

		Group 2015/16	Group 2014/15
1.	**Net turnover**		
	Segment information:		
	Hardware and manufactor service	659.385	697.451
	Own service and consultancy	97.676	92.495
		757.061	**789.946**

		Group 2015/16	Group 2014/15	Parent company 2015/16	Parent company 2014/15
2.	**Staff costs**				
	Salaries and wages	100.241	74.957	2.787	0
	Pension costs	8.692	5.929	205	0
	Other costs for social security	5.955	0	4	0
	Other staff costs	5.011	5.240	86	0
		119.899	**86.126**	**3.082**	**0**
	Executive board	2.718	2.738	2.068	0
	Board of directors	717	375	717	0
		3.435	**3.113**	**2.785**	**0**
	Average number of employees	120	85	2	0

		Parent company 2015/16	Parent company 2014/15
3.	**Other financial costs**		
	Financial costs, group enterprises	651	713
	Other financial costs	47	78
		698	**791**

Notes

DKK in thousands.

		Group		Parent company	
		2015/16	2014/15	2015/16	2014/15
4.	**Tax on ordinary results**				
	Tax of the results for the year	22.646	15.991	-885	-13
	Adjustment for the year of deferred tax	-4.604	5.554	273	-247
	Adjustment of tax for previous years	0	307	0	0
		18.042	**21.852**	**-612**	**-260**

		Group	
		30/9 2016	30/9 2015
5.	**Software**		
	Cost opening balance	2.776	1.590
	Additions during the year	1.027	1.186
	Cost closing balance	**3.803**	**2.776**
	Amortisation opening balance	-1.476	-861
	Amortisation for the year	-762	-615
	Amortisation closing balance	**-2.238**	**-1.476**
	Book value closing balance	**1.565**	**1.300**

Notes

DKK in thousands.

		Group 30/9 2016	30/9 2015
6.	**Goodwill**		
	Cost opening balance	259.569	225.386
	Additions during the year	13.489	33.883
	Currency adjustment	-48	300
	Cost closing balance	**273.010**	**259.569**
	Amortisation opening balance	-29.551	-17.076
	Amortisation for the year	-13.407	-12.475
	Amortisation closing balance	**-42.958**	**-29.551**
	Book value closing balance	**230.052**	**230.018**
7.	**Other plants, operating assets, and fixtures and furniture**		
	Cost opening balance	3.063	2.318
	Additions during the year	3.874	1.037
	Disposals during the year	-151	-289
	Currency adjustment	1	-3
	Cost closing balance	**6.787**	**3.063**
	Depreciation opening balance	-1.859	-1.749
	Depreciation for the year	-826	-399
	Depreciation, assets disposed of	151	289
	Depreciation closing balance	**-2.534**	**-1.859**
	Book value closing balance	**4.253**	**1.204**

Notes

DKK in thousands.

		Parent company 30/9 2016	Parent company 30/9 2015
8.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance	244.664	214.842
	Additions during the year	8.297	36.913
	Disposals during the year	-1	-7.091
	Cost closing balance	**252.960**	**244.664**
	Book value closing balance	**252.960**	**244.664**

The financial highlights for the enterprises according to the latest approved annual reports in tDKK

	Share of ownership	Equity	Results for the year
Conscia A/S, Denmark	100 %	56.627	65.350
Conscia People 3 AB, Sweden	60 %	-474	-86
Netsafe International AB, Sweden*	62 %	2.460	-920
Conscia Norge AS, Norge	100 %	-5.956	-9.940

* Indirect ownership is 71,0 %

		Group 30/9 2016	Group 30/9 2015
9.	**Other debtors**		
	Cost opening balance	1.497	941
	Additions during the year	677	555
	Disposals during the year	-113	0
	Currency adjustment	3	0
	Cost closing balance	**2.064**	**1.496**
	Book value closing balance	**2.064**	**1.496**
	Specified as follows:		
	Other debtors	530	141
	Leasehold deposits	1.534	1.355
		2.064	**1.496**

Notes

DKK in thousands.

		Group	
		30/9 2016	30/9 2015
10.	**Work in progress for the account of customers**		
	Sales value of the production of the period	3.996	2.861
	Payments on account received	-1.175	-1.371
	Work in progress for the account of customers , net	**2.821**	**1.490**
	The following is recognised:		
	Work in progress for the account of customers (current assets)	3.362	2.328
	Work in progress for the account of customers (prepayments received)	-541	-838
		2.821	**1.490**

11. Deferred expenses

Deferred expenses include prepaid costs.

		Group		Parent company	
		30/9 2016	30/9 2015	30/9 2016	30/9 2015
12.	**Contributed capital**				
	Contributed capital opening balance	500	500	500	500
		500	**500**	**500**	**500**

The share capital consists of 500,000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

Within the latest 5 years, the following changes in the share capital have taken place:

2014: Incorporation by tDKK 500

Notes

DKK in thousands.

	Group 30/9 2016	Group 30/9 2015	Parent company 30/9 2016	Parent company 30/9 2015
13. Results brought forward				
Results brought forward opening balance	215.118	222.821	149.924	214.342
Profit or loss for the year brought forward	22.069	-6.498	79.236	-64.418
Extraordinary dividend adopted during the financial year	27.500	0	27.500	0
Distributed extraordinary dividend adopted during the financial year.	-27.500	0	-27.500	0
Adjustment of foreign exchange contracts at fair value of future purchases and sales in foreign currency after tax	-108	-1.108	0	0
Settlement of warrants after tax	0	-140	0	0
Currency adjustment	-53	43	0	0
	237.026	**215.118**	**229.160**	**149.924**
14. Proposed dividend for the financial year				
Dividend opening balance	63.500	0	63.500	0
Distributed dividend	-63.500	0	-63.500	0
Dividend for the financial year	0	63.500	0	63.500
	0	**63.500**	**0**	**63.500**
15. Minority interests				
Minority interests opening balance	1.311	810	0	0
Addition during the year	1	0	0	0
Share of the results for the year	-453	499	0	0
Currency adjustment	-8	2	0	0
Share of the dividend	-190	0	0	0
	661	**1.311**	**0**	**0**

Notes

DKK in thousands.

		Group	
		30/9 2016	30/9 2015
16.	**Provisions for deferred tax**		
	Provisions for deferred tax opening balance	6.355	455
	Deferred tax of the results for the year	-4.604	5.900
		1.751	**6.355**
	The following items are subject to deferred tax:		
	Intangible fixed assets	345	286
	Tangible fixed assets	403	54
	Work in progress for the account of customers	584	587
	Income for later taxation	419	5.428
		1.751	**6.355**

		Group		Parent company	
		2015/16	2014/15	2015/16	2014/15
17.	**Fee, auditor**				
	Total fee for Grant Thornton,	498	993	70	125
	Fee concerning compulsory audit	298	350	20	50
	Tax consultancy	30	109	20	0
	Assurance engagements	40	68	0	0
	Other services	130	466	30	75
		498	**993**	**70**	**125**

18. Mortgage and securities

A company pledge with an accounting value as at 30 September of tDKK 51.3 has been provided as security for credit facilities of a maximum of tDKK 465.

Notes

DKK in thousands.

19. Contingencies

Contingent liabilities

The group's sales of goods and services are covered by the normal warranty provisions, which means that the group may be required to make improvements in case of defects and deficiencies. Guarantees are hedged by the hardware manufacturers.

Leasehold- and leasing commitments

Leasing commitments:
The group has entered into operating leases at a lease payment of tDKK 2.386 within 1 year and at tDKK 4.442 between 1-5 years.

Leasehold commitments:
In the notice period, the rent amounts to tDKK 17.238.

Joint taxation

AX IV Con ApS, company reg. no 36 90 00 24 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with corporation tax represents an estimated maximum of DKK 18.043 thousand. The liability relating to obligations in connection with withholding taxes represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

20. Related parties

The company and the group are included in the consolidated annual accounts for AX IV Con ApS. The annual report for 2015/16 for AX IV Con ApS can be obtained from the Danish Business Authority.

Notes

DKK in thousands.

	Group 2015/16	Group 2014/15
21. Adjustments		
Depreciation and amortisation	14.995	13.489
Other financial income	-458	-170
Other financial costs	156	203
Tax on ordinary results	18.042	21.852
Minority interets	-453	499
	32.282	**35.873**

	Group 2015/16	Group 2014/15
22. Change in working capital		
Change in inventories	1.061	-3.462
Change in debtors	39.552	-68.588
Change in trade creditors and other liabilities	-64.247	82.859
	-23.634	**10.809**