Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postboks 1600
0900 København C

Phone 36 10 20 30
Fax 36 10 20 40
www.deloitte.dk

Infare I ApS

Borgergade 14, 2.
1300 København K
Central Business Registration
No 38636669

Annual report 11.05.2017 - 31.12.2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting

Name: Søren Leth Truelsen

Contents

Entity details

Entity
Infare I ApS
Borgergade 14, 2.
1300 København K

Central Business Registration No (CVR): 38636669
Registered in: København
Financial year: 11.05.2017 - 31.12.2017

Board of Directors
Ian Wheeler, Formand
Niclas Gabran
Otto Gernandt
Daniel Konrad Mytnik
Lars-Erik Houmann Christensen
Søren Leth Truelsen

Executive Board
Nils Gelbjerg-Hansen
Philip Christopher Schwarck
Karl Peter Kjær Freiesleben

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Infare I ApS for the financial year 11.05.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 11.05.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 24.05.2018

Executive Board

Nils Gelbjerg-Hansen	Philip Christopher Schwarck	Karl Peter Kjær Freiesleben

Board of Directors

Ian Wheeler Formand	Niclas Gabran	Otto Gernandt
Daniel Konrad Mytnik	Lars-Erik Houmann Christensen	Søren Leth Truelsen

Independent auditor's report

To the shareholders of Infare I ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Infare I ApS for the financial year 11.05.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 11.05.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 24.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification No (MNE) mne34143

Management commentary

	2017 DKK'000	11.05.2017 DKK'000
Financial highlights		
Key figures		
Gross profit	25.700	0
Operating profit/loss	(5.156)	0
Net financials	(979)	0
Profit/loss for the year	(2.450)	0
Profit/loss for the year excl minority interests	(2.450)	0
Total assets	298.476	304.007
Investments in property, plant and equipment	1.306	0
Equity	247.593	250.042
Equity excl minority interests	247.593	250.042
Cash flows from (used in) operating activities	11.736	0
Cash flows from (used in) investing activities	(217.599)	0
Cash flows from (used in) financing activities	101.068	0
EBITDA	14.543	0
Ratios		
Return on equity (%)	(1,0)	0,0
Equity ratio (%)	83,0	82,2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

The Company was established 11 May 2017 and acquired Infare Solutions A/S. The figures cover Infare Group for period of ownership.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The objective of the Group is trade and it's largest area of activity is the provision of airline price data to the airline and travel industry.

Development in activities and finances
The income statement of the Group for 2017 shows a loss of DKK 2,450 thousand and at 31 December 2017 the balance sheet of the Group shows an equity of DKK 247,593 thousand.

The Group is the world's premium supplier of competitor fare intelligence to the airline and travel industry.

The Group's main product, a bundled offer of software tool Infare Pharos with regular data feeds, is based on a robot search technology, collecting airline fare data via the internet, API's and other data sources. Data is processed and presented in a form relevant to the customers in Infare's online analytical tool or sent directly to the customers in a format selected by them, often to be used in their revenue management systems.

The Group holds one of the world's biggest database of air fares, which gives airlines and other companies access to more than 10 years of detailed historical airfares through SaaS or file download, enabling airlines, airports and other related companies to conduct in-depth analysis of these airfares.

The Group plans to continue investments in the business in the coming years.

Revenue growth and profit for the year are satisfactory.

Acquiring QL2 Software's airline and airport business
In May 2017 the Group has acquired QL2 Software's airline and airport business through an asset purchase to become a global provider of airline fare data and analytics software.

The agreement was funded through an investment in Infare by Alef SEC Ltd by Ventiga Capital Partners LLP and Alef SEC Ltd is now a majority shareholder in the Infare Group.

Uncertainty relating to recognition and measurement
At 31 December 2017 goodwill from the acquisition of Infare Solutions amounted to 109 m DKK. Due to the nature of business activities, expected cash flow are estimated several years ahead. The budget for 2018 and forecasts have been approved by management and Board of directors. They include the effect of plans intended to achieve growth and efficiency in the years ahead. The budgets and forecasts forming the basis of the future expected cash flows, are subject to uncertainty.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2017

	Notes	2017 DKK	11.05.2017 DKK
Gross profit		**25.700.106**	**0**
Staff costs	2	(11.157.169)	0
Depreciation, amortisation and impairment losses	3	(19.698.839)	0
Operating profit/loss		**(5.155.902)**	**0**
Other financial income		428.026	0
Other financial expenses		(1.407.404)	0
Profit/loss before tax		**(6.135.280)**	**0**
Tax on profit/loss for the year	4	3.685.742	0
Profit/loss for the year		**(2.449.538)**	**0**
Proposed distribution of profit/loss			
Retained earnings		(2.449.538)	0
		(2.449.538)	**0**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK	11.05.2017 DKK
Completed development projects		77.236.978	81.689.904
Acquired intangible assets		14.570.500	15.417.500
Acquired trademarks		18.292.400	19.425.400
Acquired rights		1.141.200	1.611.200
Goodwill		159.517.998	56.771.416
Intangible assets	5	**270.759.076**	**174.915.420**
Other fixtures and fittings, tools and equipment		4.322.437	4.819.066
Property, plant and equipment	6	**4.322.437**	**4.819.066**
Deposits		337.633	336.043
Fixed asset investments		**337.633**	**336.043**
Fixed assets		**275.419.146**	**180.070.529**
Manufactured goods and goods for resale		50.186	0
Inventories		**50.186**	**0**
Trade receivables		18.388.445	15.221.338
Other receivables		840.327	659.375
Income tax receivable	7	1.014.882	0
Prepayments		1.275.553	1.340.775
Receivables		**21.519.207**	**17.221.488**
Cash		**1.487.173**	**106.715.142**
Current assets		**23.056.566**	**123.936.630**
Assets		**298.475.712**	**304.007.159**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK	11.05.2017 DKK
Contributed capital		273.450	273.450
Retained earnings		247.319.220	249.768.758
Equity		**247.592.670**	**250.042.208**
Deferred tax	8	21.179.683	25.022.200
Provisions		**21.179.683**	**25.022.200**
Bank loans		1.813.575	2.246.815
Prepayments received from customers		15.078.180	13.479.000
Trade payables		3.749.488	1.412.007
Payables to shareholders and management		4.468.227	5.951.360
Income tax payable		1.059.327	921.743
Other payables		3.534.562	4.931.826
Current liabilities other than provisions		**29.703.359**	**28.942.751**
Liabilities other than provisions		**29.703.359**	**28.942.751**
Equity and liabilities		**298.475.712**	**304.007.159**
Uncertainty relating to recognition and measurement	1		
Subsidiaries	10		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	273.450	249.768.758	250.042.208
Profit/loss for the year	0	(2.449.538)	(2.449.538)
Equity end of year	**273.450**	**247.319.220**	**247.592.670**

Consolidated cash flow statement for 2017

	Notes	2017 DKK	11.05.2017 DKK
Operating profit/loss		(5.155.903)	0
Amortisation, depreciation and impairment losses		19.698.839	0
Working capital changes	9	(905.757)	0
Cash flow from ordinary operating activities		**13.637.179**	**0**
Financial income received		428.026	0
Financial income paid		(1.407.404)	0
Income taxes refunded/(paid)		(921.743)	0
Cash flows from operating activities		**11.736.058**	**0**
Acquisition etc of intangible assets		(113.739.983)	0
Acquisition etc of property, plant and equipment		(1.305.883)	0
Acquisition of fixed asset investments		(1.590)	0
Acquisition of contracts		(102.551.816)	0
Cash flows from investing activities		**(217.599.272)**	**0**
Loans raised		102.551.618	0
Repayments of loans etc		(1.483.133)	0
Cash flows from financing activities		**101.068.485**	**0**
Increase/decrease in cash and cash equivalents		**(104.794.729)**	**0**
Cash and cash equivalents beginning of year		104.468.327	0
Cash and cash equivalents end of year		**(326.402)**	**0**
Cash and cash equivalents at year-end are composed of:			
Cash		1.487.173	106.715.142
Short-term debt to banks		(1.813.575)	(2.246.815)
Cash and cash equivalents end of year		**(326.402)**	**104.468.327**

Notes to consolidated financial statements

1. Uncertainty relating to recognition and measurement

When preparing the annual report, management may be required to make estimates as many financial statement items cannot be measured reliably. Such estimates comprise assessments based on the latest information available at the time of financial reporting. It may be necessary to change previous estimates because of changes in the factors underlying the estimate. Also, the value of assets and liabilities often depends on future events that are subject to some uncertainty. When making the determination, Management's assessment of the most likely outcome is used as a basis, however, such outcome is inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. Furthermore, the Company is exposed to normal business risks and uncertainties that may cause actual results to vary from those estimates.

Consequently, the budgets and forecasts forming the basis of the discounted cash flow calculations applied in the purchase price allocation are subject to uncertainty.

Purchase price allocation regarding Trademarks, customer relationships and other acquisition intangible assets

The purchase price method is applied in the contribution of new enterprises, under which identifiable assets and liabilities of these newly acquired enterprises are measured at fair value at the contribution date. In connection with the purchase price allocation regarding intangible assets the Group has made use of conventional approaches to value Trademarks and Customer relationships.

The determination of the value in use requires an estimate of the expected future cash flows as well as determination of a fair discount rate. Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently results in some uncertainty. The budget for 2018 and forecasts have been approved by management and Board of directors. They include the effect of plans intended to ensures major growth and efficiency in the years ahead.

Goodwill

Goodwill is the result of the Company´s recent contribution of Infare Solution A/S and contribution of customer contracts. No events have occurred after the time of contribution that would give an indication of impairment.

	2017 DKK	11.05.2017 DKK
2. Staff costs		
Wages and salaries	14.129.375	0
Pension costs	347.025	0
Other social security costs	97.365	0
Other staff costs	1.196.505	0
Staff costs classified as assets	(4.613.101)	0
	11.157.169	**0**
Average number of employees	**75**	

Notes to consolidated financial statements

	2017 DKK	11.05.2017 DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	17.896.327	0
Depreciation of property, plant and equipment	1.802.512	0
	19.698.839	**0**

	2017 DKK	11.05.2017 DKK
4. Tax on profit/loss for the year		
Current tax	(901.921)	0
Change in deferred tax	(2.783.821)	0
	(3.685.742)	**0**

	Completed develop-ment projects DKK	Acquired intangible assets DKK	Acquired trademarks DKK	Acquired rights DKK
5. Intangible assets				
Cost beginning of year	104.448.530	15.417.500	19.425.400	1.611.200
Additions	4.613.101	0	0	0
Cost end of year	**109.061.631**	**15.417.500**	**19.425.400**	**1.611.200**
Amortisation and impairment losses beginning of year	(22.758.626)	0	0	0
Amortisation for the year	(9.066.027)	(847.000)	(1.133.000)	(470.000)
Amortisation and impairment losses end of year	**(31.824.653)**	**(847.000)**	**(1.133.000)**	**(470.000)**
Carrying amount end of year	**77.236.978**	**14.570.500**	**18.292.400**	**1.141.200**

	Goodwill DKK
5. Intangible assets	
Cost beginning of year	56.771.416
Additions	109.126.882
Cost end of year	**165.898.298**
Amortisation and impairment losses beginning of year	0
Amortisation for the year	(6.380.300)
Amortisation and impairment losses end of year	**(6.380.300)**
Carrying amount end of year	**159.517.998**

Notes to consolidated financial statements

Completed development projects

The cost price of development projects is derived from time spend in the subsidiary Infare VNO UAB and Infare Solutions A/S expressed in man-hours and the cost of a man-hour. On an on-going basis Management assess the value of the assets.

Goodwill

Included in the additions is the contribution of customer customer contracts of DKK 109.377k.

	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Cost beginning of year	10.000.355
Additions	1.305.883
Cost end of year	**11.306.238**
Depreciation and impairment losses beginning of year	(5.181.289)
Depreciation for the year	(1.802.512)
Depreciation and impairment losses end of year	**(6.983.801)**
Carrying amount end of year	**4.322.437**

7. Short-term income tax receivable

Tax receivable and current tax represent the expected tax credit to be received based on the tax value of the development acitivities in proportion to the total tax loss in the joint taxation for the income year 2017, according to the tax credit system.

	2017 DKK	11.05.2017 DKK
8. Deferred tax		
Intangible assets	25.671.128	24.973.200
Property, plant and equipment	(246.000)	(73.000)
Receivables	(77.000)	(32.000)
Tax losses carried forward	(4.435.045)	0
Other taxable temporary differences	266.600	154.000
	21.179.683	**25.022.200**

Notes to consolidated financial statements

	2017 DKK	11.05.2017 DKK
9. Change in working capital		
Increase/decrease in inventories	(50.186)	0
Increase/decrease in receivables	(3.282.837)	0
Increase/decrease in trade payables etc	2.427.266	0
	(905.757)	**0**

	Registered in	Corporate form	Equity interest %
10. Subsidiaries			
Infare II ApS	Copenhagen	ApS	100,0
Infare Solutions A/S	Copenhagen	A/S	100,0
Infare VNO UAB	Litauen	UAB	100,0

Parent income statement for 2017

	Notes	2017 DKK
Gross profit		**3.539.790**
Staff costs	1	(3.695.058)
Operating profit/loss		**(155.268)**
Income from investments in group enterprises		(8.724.696)
Other financial income	2	6.741.410
Other financial expenses	3	(310.984)
Profit/loss for the year		**(2.449.538)**
Proposed distribution of profit/loss		
Retained earnings		(2.449.538)
		(2.449.538)

Parent balance sheet at 31.12.2017

	Notes	2017 DKK
Investments in group enterprises		143.872.630
Fixed asset investments	4	**143.872.630**
Fixed assets		**143.872.630**
Receivables from group enterprises		109.244.894
Receivables		**109.244.894**
Cash		**200.520**
Current assets		**109.445.414**
Assets		**253.318.044**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK
Contributed capital		273.450
Retained earnings		247.319.220
Equity		**247.592.670**
Trade payables		94.750
Payables to group enterprises		4.561.173
Other payables		1.069.451
Current liabilities other than provisions		**5.725.374**
Liabilities other than provisions		**5.725.374**
Equity and liabilities		**253.318.044**
Contingent liabilities	5	

Parent statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	273.450	249.768.758	250.042.208
Profit/loss for the year	0	(2.449.538)	(2.449.538)
Equity end of year	**273.450**	**247.319.220**	**247.592.670**

Notes to parent financial statements

	2017 DKK
1. Staff costs	
Wages and salaries	3.693.681
Other social security costs	1.377
	3.695.058
Average number of employees	**3**

	2017 DKK
2. Other financial income	
Financial income arising from group enterprises	6.694.276
Exchange rate adjustments	47.134
	6.741.410

	2017 DKK
3. Other financial expenses	
Financial expenses from group enterprises	114.983
Exchange rate adjustments	196.001
	310.984

	Invest-ments in group enterprises DKK
4. Fixed asset investments	
Additions	152.597.326
Cost end of year	**152.597.326**
Amortisation of goodwill	(340.382)
Impairment losses for the year	(10.332.387)
Other adjustments	1.948.073
Impairment losses end of year	**(8.724.696)**
Carrying amount end of year	**143.872.630**
Goodwill or negative goodwill recognized during the financial year	**5.105.736**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

5. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement since April 2017. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Non-comparability
The Company and group was established at 11 May 2017 and the accounting period is from that date until 31 December 2017. For this reason comparison figures in the balance sheet consist of the opening balance at 11 May 2017.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations
Newly acquired enterprises are recognized from the time of acquisition. The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these newly acquired enterprises are measured at fair value at the acquisition date. Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities acquired are recognized under intangible assets, and they are amortised systematically in the income statement based on an individual assessment of their useful lives, however, no more than 20 years.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue and external expenses.

Accounting policies

Revenue
Revenue from the sale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises’ profit/loss after full elimination of internal profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Danish companies are jointly taxed and the Danish parent company is the management company. The current Danish cooperation tax is divided between the companies in proportion to their taxable income (full allocation with refunds for tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 7-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Other intangible assets

Other intangible assets includes acquired intangible assets, trademarks and other rights.

Acquired intangible assets includes identified customer relationships and are recognized at estimated costs less accumulated amortization and impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets of no more than 8 years.

Acquired trademarks consist of the corporate trademark recognized at estimated costs less accumulated amortization and impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets of no more than 10 years.

Acquired rights includes identified order backlog acquired and are recognized at estimated costs less accumulated amortization and impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets of no more than 2 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is

Accounting policies

fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation period used are 10 year.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

The purchase method is used in the acquisition of investments in subsidiaries.

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Accounting policies

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.