



Annual Report 2017

## **LNZ Holding Zibra ApS**

Høveltevej 65  
DK-3460 Birkerød

**CVR-no. 39 18 89 96**

The Annual Report was presented and adopted at the  
Annual General Meeting of the company on 16 May 2018

A handwritten signature in blue ink, appearing to be "Trine Bøgelund".

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Trine Bøgelund  
Chairman of the meeting

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# Company Information

## The Company

LNZ Holding Zibra ApS  
Høveltevej 65  
DK-3460 Birkerød

CVR-no. 39 18 89 96  
Established: 22 December 2017  
Registered Office: Furesø  
Financial Year: 22 December - 31 December

## Executive Board

Lisbeth Neel Zibrandtsen

## Auditor

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK-2300 Copenhagen, Denmark  
Postboks 1600

# Management's Statement

The Executive Board have today considered and adopted the Annual Report of LNZ Holding Zibra ApS for the financial year 22 December - 31 December 2017.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 of the results of the Group's and the Company's operations and the Group's cash flows for the financial year 22 December - 31 December 2017.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

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

**Birkerød, 16 May 2018**

**Executive Board**



Lisbeth Neel Zibrandtsen

# Independent Auditor's Report

To the Shareholder of LNZ Holding Zibra ApS

## Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of LNZ Holding Zibra ApS for the financial year 22 December 2017 - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group and Parent Company operations as well as the consolidated cash flows of the Group for the financial year 22 December 2017 - 31 December 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 Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 Company Financial Statements

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

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

## Auditor's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

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

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

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

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

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

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

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

#### **Statement on Management's Review**

Management is responsible for Management's Review.

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

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

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

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

**Copenhagen, 16 May 2018**

Deloitte Statsautoriseret Revisionspartnerselskab  
CVR-no. 33963556



Thomas Rosquist Andersen  
State Authorised Public Accountant  
Identification number: mne31482



Nikolaj Thomsen  
State Authorised Public Accountant  
Identification number: mne33276

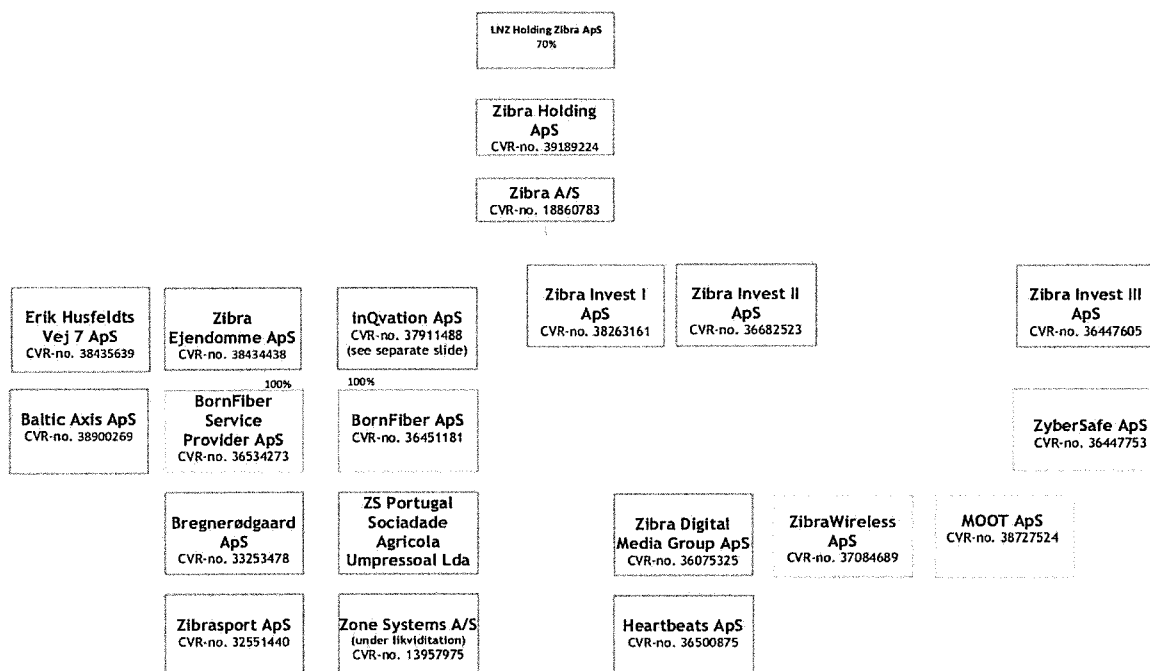
## Financial highlights of the group

	<u>2017</u> (MDKK)
<b>Income statement</b>	
Net revenue	0
Gross loss	0
Operating profit/loss (EBIT)	0
Financial income and expenses, net	0
Net loss for the year	0
<b>Balance sheet</b>	
Total Assets	1.122
Equity incl. minority interests	897
Equity excl. minority interests	629
<b>Cash flows</b>	
Cash flows from operating activities	-24
Cash flows from investment-related activities	0
Cash flows from financing activities	-10
Total cash flows	-34
Investment in tangible fixed assets	405
<b>Ratios</b>	
Gross margin	0,0
Profit margin	0,0
Rate of return	0,0
Solvency ratio	56,1
Average number of employees	0
Average number of employees (End of year)	92

The ratios follow in all material respects the recommendations of the Danish Finance Society.  
The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Profit margin:	$\frac{\text{Operating profit} \times 100}{\text{Net revenue}}$
Rate of return:	$\frac{\text{Operating profit} \times 100}{\text{Average balance sheet total}}$
Solvency ratio:	$\frac{\text{Equity, at year end} \times 100}{\text{Assets, at year end}}$

# Group Structure





# Management's Review

## **Main activity**

The Group has a wide range of activities within Teleco, Tech & Media. The activities span from streaming of online sports, to wireless communication, encryption and different media solutions. Furthermore, the Group is active with independent fiber infrastructure on Bornholm and holds interest in GlobalConnect.

## **Development in the year**

The income statement of the Group for 2017 shows a profit of TDKK -4, and at 31 December 2017 the balance sheet of the Group shows equity of TDKK 897.215.

The 2017 financial year was materially influenced by the sale of GlobalConnect Group to EQT, but also shows growth and progress on many other activities. Zibra continues to be a shareholder in the GlobalConnect Group.

During the year the activities in the Group were de-merged into two entities.

## **Profit/loss for the year compared to expectations**

The Group's net revenue was TDKK 0 and EBITDA mDKK -5. The Group presents earnings before tax (EBT) of TDKK -5, net earnings after tax of TDKK -4.

Management finds the result satisfactory.

## **Environmental situation**

The Company expects that the 2018 revenue and earnings will be normalized, as no large one-off sale of daughter companies is expected. The revenue and earnings come from a number of different activities, many of which are in the early start-up phase, and therefore difficult to predict. Non one-off revenue is expected to increase in 2018.

## **Future expectations**

The Group is working on optimizing its energy consumption in order to contribute to the reduction of global CO2 emissions. Such efforts could be strengthened further through better conditions for the supply of surplus heat to district heating systems. The Group is continuously working to exert influence on legislators so that environmental economically sound laws overrule the economically inexpedient laws within the boundaries of Community Social Responsibility. The Group considers cooperation between the public sector and the industry very important and is therefore actively seeking to promote such partnerships.

## **Research and development activities**

The Group is actively focused on innovation and the start-up environment in particular and aims to apply the newest technologies in all areas possible. During 2017 the inQvation center in Taastrup has been purchased and re-furbished and after the close of the financial year, in March 2018, the doors have been opened to a state of the art and brand-new tech hub.

The Group is working together with research institutions and development companies in order to support the development of disciplines within the telecommunications and knowledge industry.

Moreover, the Group has development activities within the field of big data, IOT and encrypting data in motion.

## **Significant events after the end of the financial year**

No events have occurred from the balance sheet date until the date of signature that could change the assessment of the Company's financial position.

## Income Statement 22 December - 31 December

	<u>Note</u>	<u>GROUP 2017 TDKK</u>	<u>PARENT COMPANY 2017 TDKK</u>
Net revenue		0	0
Other external costs	2	<u>5</u>	<u>3</u>
Gross loss		<u>-5</u>	<u>-3</u>
Operating profit/loss		<u>-5</u>	<u>-3</u>
Income from investments in subsidiaries		<u>0</u>	<u>-3</u>
Loss before tax		<u>-5</u>	<u>-6</u>
Tax on profit/loss for the year	3	<u>-1</u>	<u>0</u>
Net loss for the year		<u>-4</u>	<u>-6</u>

# Balance Sheet 31 December

GROUP

PARENT COMPANY

	Note	2017 TDKK	2017 TDKK
<b>Assets</b>			
Development costs and software		4.023	0
Goodwill		3.360	0
Consolidated goodwill		333	0
<b>Intangible fixed assets</b>	4	<b>7.716</b>	<b>0</b>
Land & Buildings		102.159	0
Plant and machinery		254.757	0
Other fixtures and fittings, tools and equipment		12.978	0
Leasehold improvements		187	0
<b>Tangible fixed assets</b>	5	<b>370.081</b>	<b>0</b>
Investments in subsidiaries	6	0	628.946
Investments in other companies	7	366.248	0
Other receivables	7	2.000	0
Deposits	7	449	0
<b>Financial fixed assets</b>		<b>368.697</b>	<b>628.946</b>
<b>Fixed assets</b>		<b>746.494</b>	<b>628.946</b>
<b>Inventories</b>	8	<b>94.488</b>	<b>0</b>
Trade receivables		2.246	0
Receivables from other companies		21.445	0
Other receivables		30.293	0
Corporate tax		2.063	0
Deferred tax asset	11	27	0
Prepayments	9	2.034	0
<b>Receivables</b>		<b>58.108</b>	<b>0</b>
<b>Securities</b>		<b>186.070</b>	<b>0</b>
<b>Cash and cash equivalents</b>		<b>36.605</b>	<b>0</b>
<b>Assets</b>		<b>1.121.765</b>	<b>628.946</b>

# Balance Sheet 31 December

GROUP

PARENT COMPANY

	<u>Note</u>	<u>2017</u> TDKK	<u>2017</u> TDKK
<b>Liabilities and equity</b>			
Share capital		50	50
Reserves for net revaluations under the equity method		9.547	0
Retained earnings		619.347	613.494
Proposed dividend for the financial year		0	15.400
Minority interests		268.271	0
<b>Equity</b>		<b>897.215</b>	<b>628.944</b>
Deferred tax	11	14.076	0
Other provisions for liabilities	12	13.470	0
<b>Provision for liabilities</b>	<b>10</b>	<b>27.546</b>	<b>0</b>
Deferred income	13	28.280	0
Finance lease		33	0
Other liabilities		109.305	0
<b>Long-term liabilities</b>	<b>12</b>	<b>137.618</b>	<b>0</b>
Debt to financial institutions	10	6.277	0
Deferred income, current portion of long-term liabilities	13	12.210	0
Finance lease, current portion of long-term liabilities	10	155	0
Other liabilities, current portion of long-term liabilities	10	6.831	0
Payables to shareholders and management		11.151	0
Trade payables		14.912	3
Other liabilities		7.851	0
<b>Current liabilities</b>		<b>59.387</b>	<b>3</b>
<b>Liabilities</b>		<b>197.005</b>	<b>3</b>
<b>Liabilities and equity</b>		<b>1.121.765</b>	<b>628.946</b>
Contingencies etc.	14		
Related parties	15		

## Equity

GROUP							
Equity	Share capital	Reserves for net revaluations	Retained earnings	Proposed dividend for the financial year		Minority interests	
Addition relating to equity from de-merger	50	9.547	619.351	0	628.948	268.271	897.219
Proposed distribution of profit	0	0	-4	0	-4	0	-4
Equity at 31 December	50	9.547	619.347	0	628.944	268.271	897.215
Value of reserves for development costs		844					
Value of reserves for revaluations		8.703					
		9.547					

PARENT COMPANY					
Equity	Share capital	Reserves for net revaluations under the equity method	Retained earnings	Proposed dividend for the financial year	
Additions relating to equity by de-merger	50	0	628.899	0	628.949
Proposed distribution of profit	0	0	-15.406	15.400	-6
Equity at 31 December	50	0	613.494	15.400	628.944

Specification of the share capital consist of 50.000 shares with a nominal value of DKK 1.

## Cash flow statement 22 December - 31 December

	GROUP 2017 <u>TDKK</u>
<b>Cash flow</b>	
Profit for the year	0
Change in working capital	-10.923
Prepayments	-3.307
Change in current liabilities (ex bank, tax and dividend)	-9.652
<b>Cash flows from operating activities</b>	<u>-23.882</u>
<b>Cash flows from investing activities</b>	<u>0</u>
Other changes in long-term debt	-10.275
<b>Cash flows from financing activities</b>	<u>-10.275</u>
<b>Change in cash and cash equivalents</b>	<u>-34.157</u>
Cash and cash equivalents at 22 December	70.762
Cash and cash equivalents at 31 December	36.605

## Notes to the Financial Statements

	GROUP	PARENT COMPANY
	2017	2017
	TDKK	TDKK
<b>1 Distribution of profit/loss</b>		
<b>Proposed distribution of profit/loss</b>		
Minority shareholders	0	0
Reserves for net revaluations under the equity method	0	0
Proposed dividend for the financial year	0	15.400
Retained earnings	-4	-15.406
	<u>-4</u>	<u>-6</u>
<b>2 Staff costs</b>		
Wages and salaries	0	0
Pensions	0	0
Other social security costs	0	0
Other staff costs	0	0
	<u>0</u>	<u>0</u>
<b>Average number of employees:</b>	<u>0</u>	<u>0</u>
Remuneration of Executive Board	0	0
<b>3 Tax on profit/loss for the year</b>		
Calculated tax on taxable income of the year	-1	0
	<u>-1</u>	<u>0</u>

4 Intangible fixed assets	GROUP			
	Development	Software	Goodwill	Consolidated goodwill
Addition, relating to assets from de-merger	4.696	1.404	8.700	479
<b>Cost at 31 December</b>	<b>4.696</b>	<b>1.404</b>	<b>8.700</b>	<b>479</b>
Addition, relating to assets from de-merger	1.658	419	5.340	146
<b>Amortisation at 31 December</b>	<b>1.658</b>	<b>419</b>	<b>5.340</b>	<b>146</b>
<b>Carring amount at 31 December 2017</b>	<b>3.038</b>	<b>985</b>	<b>3.360</b>	<b>333</b>

Development cost consist of a development costs related to the development of the company's unique core basic encryption hardware products along with add on applications, test of the platform, documentation etc. Management expects the value of the development cost will carry value for many years as the business model is centered around the sale of these hardware encryption boxes. The development can be used worldwide and is future proofed for capacities up to 10 Gbit.

5 Tangible fixed assets	GROUP			
	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Land & Buildings
Addition, relating to assets from de-merger	275.050	23.950	229	106.019
<b>Cost at 31 December</b>	<b>275.050</b>	<b>23.950</b>	<b>229</b>	<b>106.019</b>
Addition, relating to assets from de-merger	0	0	0	5.741
<b>Revaluation at 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5.741</b>
Addition, relating to assets from de-merger	20.293	10.972	42	9.601
<b>Amortisation at 31 December</b>	<b>20.293</b>	<b>10.972</b>	<b>42</b>	<b>9.601</b>
<b>Carring amount at 31 December 2017</b>	<b>254.757</b>	<b>12.978</b>	<b>187</b>	<b>102.159</b>
Finance lease assets	1.600	494	0	0
Value of recognised assets. Excluding revaluation under §41 (1)	0	0	0	96.418



## Notes to the Financial Statements

	2017 TDKK
<b>6 Investments in subsidiaries</b>	<b>PARENT COMPANY</b>
Addition in the year	628.949
Cost at 31 December	628.949
Revaluation of the year	-3
Revaluation at 31 December	-3
<b>Carring amount at 31 December 2017</b>	<b>628.946</b>

Investments in subsidiaries:

Name	Capital	Ownership	Equity	Profit/Loss for the year
Zibra Holding ApS	Furesø	70%	628.946	-3
<i>Group companies</i>				
Zibra A/S	Furesø	100%		
BornFiber ApS	Høje Taastrup	100%		
BornFiber Service Provider ApS	Høje Taastrup	100%		
Baltix Axis ApS	Høje Taastrup	100%		
ZibraWireless ApS	Høje Taastrup	100%		
Zibrasport ApS	Høje Taastrup	100%		
Zibra Digital Media Group ApS	Høje Taastrup	75%		
Heartbeats ApS	Copenhagen	100%		
Bregnerødgård ApS	Furesø	100%		
ZS Portugal Sociedade Agricola Umpressoal Lda	Almerin, Portugal	100%		
ZyberSafe ApS	Høje Taastrup	87%		
Zibra Invest I ApS	Høje Taastrup	100%		
Zibra Invest II ApS	Høje Taastrup	100%		
Zibra Invest III ApS	Høje Taastrup	100%		
InQvation ApS	Høje Taastrup	100%		
Zibra Ejendomme ApS	Høje Taastrup	100%		
Erik Husfeldts Vej 7 ApS	Høje Taastrup	100%		
MOOT ApS	Høje Taastrup	100%		
Zone Systems A/S (Under frivillig likviditation)	Høje Taastrup	100%		

	GROUP		PARENT COMPANY	
	TDKK	TDKK	TDKK	TDKK
	Investments in other companies	Deposits and other receivables	Investments in associated companies	Deposits
Additions relating to assets from de-merger	369.348	2.213	0	0
Cost at 31 December	369.348	2.213	0	0
<b>Carring amount at 31 December 2017</b>	<b>369.348</b>	<b>2.213</b>	<b>0</b>	<b>0</b>

Investments in other companies:

Name	Capital	Ownership
Skyenet Invest ApS	Taastrup	19,8%
Tailor Shaped Holding ApS	Copenhagen	10,5%

## Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2017</u> TDKK
	<u>GROUP</u>	<u>PARENT COMPANY</u>
<b>8 Revaluation</b>		
Biological animals are measured to the fair value subsequent to initial recognition. Fair value is determined by the expected value between independent parties. The value is evaluated by an external expert and measured by breeding skills, age, education, health, and results.		
<b>9 Prepayments and accrued income</b>		
This amount consist primarily of prepaid costs.		
<b>10 Other provisions for liabilities</b>		
Other provisions are determent by uncertainty of time and amount. It is expected that the provision will decay within 5 years.		
<b>11 Provision for deferred tax</b>		
Provision for deferred tax comprises of inventory and intangible and tangible fixed assets.		
Deferred tax relating from de-merger	<u>14.057</u>	<u>0</u>
	<u>14.057</u>	<u>0</u>
<b>12 Long-term liabilities</b>	<u>GROUP</u>	<u>PARENT COMPANY</u>
<b>Other liabilities</b>		
Mortgages, outstanding after 5 years	81.979	0
<b>13 Deferred income</b>		
This amount consist primarily of accrued revenue in future years.		

## Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2017</u> TDKK
<b>14 Contingencies etc.</b>	<u>GROUP</u>	<u>PARENT COMPANY</u>
Zibra A/S has pledged the shares in BornFiber ApS. Zibra A/S has furthermore guaranteed payment of installment in 2018 to third party loan provider in BornFiber ApS.		
Lease commitments	1.455	0
Rental commitments	<u>2.847</u>	<u>0</u>
	<u>4.302</u>	<u>0</u>

### Charges and securities

The following assets are pledged as security for debt:

	<u>GROUP</u>		<u>PARENT COMPANY</u>	
	Carrying amount of assets	Nom. Value of mortgage or outstanding debt	Carrying amount of assets	Nom. Value of mortgage or outstanding debt
Mortgages	0	116.136	0	0
Fiber/Ducts	<u>127.818</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>127.818</u>	<u>116.136</u>	<u>0</u>	<u>0</u>

The following assets are financed by financial leasing

Other fixture and equipment	494	188	0	0
Fiber/ducts	<u>1.600</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2.094</u>	<u>188</u>	<u>0</u>	<u>0</u>

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The amount of corporation tax payable in the period 1st January – 21st December is disclosed in the joint tax with ZS Holding ApS. The amount of corporation tax payable in the period 22nd December – 31st December is disclosed in the Annual Report of LNZ Holding Zibra ApS, which is the management company of the joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

### 15 Related parties

LNZ Holding Zibra ApS' related parties include:

#### Controlling interest

Lisbeth Zibrandtsen, Høveltevej 65, 3460 Birkerød is the principal shareholder

#### Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

#### Transactions with related parties

The company informs of all substantial transactions that were not concluded on market conditions. There has not been such transaction in 2018.

# Accounting Policies

Financial Statements of LNZ Holding Zibra ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (medium).

Financial Statements are presented in DKK.

The Annual Report is prepared with the following accounting principles.

## **Consolidated financial statements**

The consolidated financial statements include the parent company LNZ Holding Zibra ApS and its subsidiaries in which LNZ Holding Zibra ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany balances and dividend, and realised and unrealised gains and losses arising from transactions among the consolidated enterprises are fully eliminated in the consolidation.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life. Negative differences are recognised in the income statement upon acquisition.

## **Business combinations**

For intercompany business combinations the merger method is applied with recognition of the business combination at the date of acquisition (book value). According to this method, the acquired assets and liabilities are recognised at book value at the date of the acquisition of the entity, and any difference between the cost of the entity and the book value of the net assets is recognised directly in equity. No adjustments of comparative figures have been made.

At recognition of business combinations that are not intercompany business combinations, the acquisition method is applied. According to this method, acquired assets and liabilities are recognised at fair value when control is gained of the entity regardless of whether or not the assets or liabilities have been recognised in the acquired entity. Any positive balance between the cost of the entity and the book value of the net assets are recognised as goodwill in the financial statements and amortised over the expected useful life. Any negative balance is recognized directly in the income statement as negative goodwill. When assessing which entity is the acquired party in a business combination, the actual conditions are used as a

## **Minority interests**

The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit and in individual main items under equity.

# Accounting Policies

## Translation policies

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

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

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

## INCOME STATEMENT

### Revenue

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

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

### Cost of sales

Costs of sales are recognised concurrently with the related income and include purchase and cost price for sold goods during the year. Raw materials, consumables and indirect production costs are included in the cost price.

### Other operating income

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

### Other operating income

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

# Accounting Policies

## **Other external expenses**

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

General development costs, which cannot be related to a specific project, are expensed as they arise.

## **Staff expenses**

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

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and tangible fixed assets.

## **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year and deduction of amortisation of goodwill.

## **Financial income and expenses**

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

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

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

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

## **BALANCE SHEET**

### **Intangible assets**

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straightline basis over its useful life, which is assessed at 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the remaining patent period, and are amortised over the licence period 5-7 years.

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

# Accounting Policies

## Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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

		Residual value
Land & buildings	20-40 years	0%
	Land is not depreciated	0%
Plant and machinery	5-40 years	0%
Other fixtures and fittings, tools and equipment	3-5 years	0%
Leasehold improvements	5 years	0%

Leases, which do not fulfil the requirements of financial leasing, are expensed on a current basis. The total commitment is disclosed in the notes to the financial report.

Depreciation period and residual value are reassessed annually.

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

## Fixed asset investments

Investments in subsidiaries are recognised and measured under the equity method.

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

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

# Accounting Policies

The total net revaluation of investments in is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements.

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

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

## **Impairment of fixed assets**

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

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

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

## **Inventories**

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

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

Biological animals is measured to the fair value subsequent to initial recognition.

## **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## **Prepayments**

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



# Accounting Policies

## **Other investments and securities**

Other investments and Securities comprises listed securities and investment in similar securities which is publicly traded. Securities is measured at a fair value which is its noted price. Other Investment and securities are measured at cost if a reliable measurement of the fair value cannot be determined.

## **Cash**

Cash comprises of bank deposits.

## **Equity**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

## **Other provisions for liabilities**

Other provisions for liabilities include the expected cost uncertain by time and size and deferred tax.

## **Deferred tax assets and liabilities**

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

## **Current tax receivables and liabilities**

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

## **Financial debts**

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

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

## **Deferred income**

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

# Accounting Policies

## **CASH FLOW STATEMENT**

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

### **Cash flows from operating activities:**

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### **Cash flows from investing activities:**

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

### **Cash flows from financing activities:**

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### **Cash and cash equivalents:**

Cash and cash equivalents include bank overdraft and cash in hand.