

# Nuuday A/S

# Annual Report 2019

Teglhølmegade 1  
2450 København SV  
CVR-nr.: 40075291  
Generalforsamling: 30. april 2020  
Dirigent ved generalforsamlingen: Marie Malmstedt-Miller

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# Management's review

On top of an advanced infrastructure, we provide millions of Danish households and businesses with reliable, innovative and high-quality connectivity and entertainment solutions.



## About Nuuday A/S

Nuuday A/S was established 7 December 2018. On 11 June 2019, the parent company TDC A/S demerged parts of its rights and obligations to Nuuday A/S with the purpose to run a customer orientated business.

Subsequently, Nuuday A/S distributed non-cash dividends of DKK 9,000m to TDC A/S resulting in debt to parent company of DKK 9,000m. The operations transferred to Nuuday A/S comprise major lines of business.

Nuuday is financed by the parent company, TDC A/S.

## Our resources and assets

### Access to the best connectivity

We offer our services through our family of brands: YouSee, Telmore, Blockbuster, TDC Business, NetDesign and Relatel.

Access to the best mobile network, the largest high-speed cable and fibre network and a nationwide copper network, all provided by TDC NET A/S. and provide us with the platform we need to add value for millions of customers every day.

## Skilled employees

As a digital service provider, our employees are our most valuable asset. We believe that combining of high autonomy and high alignment drives our unique way of working.

## Long-term partnerships

We recognise that we cannot succeed alone. Strong and long-term partnerships are key to our future competitiveness. TDC NET A/S is our primary partner in connectivity.

## Value-adding activities

### Better products and services

We listen to our customers and strive to make sense with technology. We continuously renew and innovate our offerings to remain relevant, today and tomorrow.

### Better customer experiences

Our best-in-class customer experiences based on customer insights and digitalisation ensure that our customers receive services on their preferred platforms.

## Our offerings

- Mobile
- Internet & network
- Entertainment and TV
- Landline and VoIP
- Cloud offerings
- Converged offering
- Security
- Unified communications

## Value created

### Reliability

We never compromise on reliability in our offerings. Innovative, digital offerings are of no value without reliable, high-quality service.

### Innovation and digitalisation

We strive to make sense with technology. We give technology a direction and purpose. We support digital citizenship, bring people closer together and support an inclusive society.

## Financial result

In 2019, EBITDA amounted to DKK 1,924m and loss for the year amounted to DKK 748m. For the impact of COVID-19 please refer to note 8 Events after the balance sheet date.

# Nuuday A/S financial statements

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## Income statement

| (DKKm)  | Note | 2019         | 2018     |
|---|------|--------------|----------|
| Gross profit  |      | 3,842        | 0        |
| Personnel expenses  | 2    | (1,918)      | 0        |
| Operating profit before depreciation, amortisation and special items (EBITDA) |      | 1,924        | 0        |
| Depreciation, amortisation and impairment losses                              |      | (2,316)      | 0        |
| Operating profit (EBIT)   |      | (392)        | 0        |
| Profit/(loss) from subsidiaries   |      | (147)        | 0        |
| Profit/(loss) from joint ventures and associates                              |      | (10)         | 0        |
| Financial income from group enterprises                                       |      | 3            | 0        |
| Other financial income  |      | 5            | 0        |
| Financial expenses to group enterprises                                       |      | (344)        | 0        |
| Other financial expenses  |      | (15)         | 0        |
| Profit/(loss) before income taxes   |      | (900)        | 0        |
| Income taxes  |      | 152          | 0        |
| <b>Profit/(loss) for the year</b>   |      | <b>(748)</b> | <b>0</b> |
| <b>Transferred to:</b>  |      |              |          |
| Interim dividend  |      | 9,000        | 0        |
| Reserve for capitalised development projects                                  |      | 629          | 0        |
| Retained earnings   |      | (10,377)     | 0        |
| <b>Total</b>  |      | <b>(748)</b> | <b>0</b> |

## Balance sheet

| Assets (DKKm)                                | Note | 2019          | 2018     |
|--|------|---------------|----------|
| <b>Non-current assets</b>                    |      |               |          |
| Intangible assets                            |      | 12,572        | 0        |
| Property, plant and equipment                |      | 1,272         | 0        |
| Investments in subsidiaries                  | 3    | 595           | 0        |
| Investments in joint ventures and associates |      | 46            | 0        |
| Receivables from group enterprises           |      | 3             | 0        |
| Other receivables                            |      | 11            | 0        |
| <b>Total non-current assets</b>              |      | <b>14,499</b> | <b>0</b> |
| <b>Current assets</b>                        |      |               |          |
| Inventories                                  |      | 182           | 0        |
| Trade receivables                            |      | 1,264         | 0        |
| Receivables from group enterprises           |      | 1,055         | 0        |
| Contract assets                              |      | 414           | 0        |
| Other receivables                            |      | 71            | 0        |
| Prepaid expenses                             |      | 494           | 0        |
| Cash   |      | 17            | 0        |
| <b>Total current assets</b>                  |      | <b>3,497</b>  | <b>0</b> |
| <b>Total assets</b>                          |      | <b>17,996</b> | <b>0</b> |

| Equity and liabilities (DKKm)                | Note | 2019          | 2018     |
|--|------|---------------|----------|
| <b>Equity</b>                                |      |               |          |
| Share capital                                |      | 0             | 0        |
| Reserve for capitalised development projects |      | 629           | 0        |
| Retained earnings                            |      | (58)          | 0        |
| <b>Total equity</b>                          |      | <b>571</b>    | <b>0</b> |
| <b>Non-current liabilities</b>               |      |               |          |
| Deferred tax liabilities                     |      | 1,594         | 0        |
| Provisions                                   |      | 39            | 0        |
| Loans from parent company                    | 4    | 9,000         | 0        |
| Other payables                               |      | 70            | 0        |
| <b>Total non-current liabilities</b>         |      | <b>10,703</b> | <b>0</b> |
| <b>Current liabilities</b>                   |      |               |          |
| Provisions                                   |      | 44            | 0        |
| Trade payables                               |      | 2,008         | 0        |
| Contract liabilities                         |      | 2,273         | 0        |
| Payables to group enterprises                |      | 1,581         | 0        |
| Payables to joint ventures and associates    |      | 3             | 0        |
| Income tax payable                           |      | 63            | 0        |
| Other payables                               |      | 750           | 0        |
| <b>Total current liabilities</b>             |      | <b>6,722</b>  | <b>0</b> |
| <b>Total liabilities</b>                     |      | <b>17,425</b> | <b>0</b> |
| <b>Total equity and liabilities</b>          |      | <b>17,996</b> | <b>0</b> |

|                                     |   |
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## Statement of changes in equity

(DKKm)

|                                    | Share capital | Reserve for capitalised development projects | Retained earnings | Total      |
|------------------------------------|---------------|--|-------------------|------------|
| <b>Equity at 1 January 2019</b>    | <b>0</b>      | <b>0</b>                                     | <b>0</b>          | <b>0</b>   |
| Contribution related to demerger   | -             | -  | 10,319            | 10,319     |
| Profit/(loss) for the year         | -             | 629  | (1,377)           | (748)      |
| Distributed extraordinary dividend | -             | -  | (9,000)           | (9,000)    |
| <b>Equity at 31 December 2019</b>  | <b>0</b>      | <b>629</b>                                   | <b>(58)</b>       | <b>571</b> |

# **Notes to financial statements**

## 1 | Accounting policies

The financial statements 2019 of the company have been prepared in accordance with the Danish Financial Statement Act's provisions for class B companies. With reference to section 112 in the Danish Financial Statement Act, the company has not prepared consolidated financial statements. Please refer to note 5 Related parties. The accounting policies are unchanged from last year.

### Demerger from TDC A/S

The financial statements reflect the demerger of TDC A/S where part of the rights and obligations of TDC A/S was transferred to the subsidiaries Nuuday A/S and TDC NET A/S following the demerger on 11 June 2019 using the book-value method. The demerger had accounting effect 1 January 2019. The comparative figures for 2018 are not restated.

### Merger of Nuuday and two subsidiaries

Nuuday A/S has merged with the two subsidiaries CC Factory ApS and Firmafon ApS using book-value method.

### Gross profit

With reference to the Danish Financial Statements Act, Section 32, revenue, cost of goods sold and external expenses are summarised as one accounting item called gross profit in the income statement.

### Revenue

Revenue is recognised in accordance with IFRS 15. Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises

goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnection and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, set-top boxes, etc.

Nuuday sells to households and the contracts are primarily perpetual where the same service is provided until the customer terminates the contract. Some of the contracts include a non-cancellation period of 6 months. The company also has contracts with antenna and housing associations that are for longer periods.

Nuuday sells digital solutions to enterprises and public segments. The company offers modular solutions for small and medium-sized enterprises, as well as customised solutions for public and large enterprises. Modular self-service contracts are perpetual and contracts with customised solutions are for longer periods, i.e. 3-5 years.

The significant sources of revenue are recognised in the income statements as follows:

- revenues from subscription fees and flat-rate services are recognised over the subscription period
- revenues from telephony are recognised at the time the calls are made
- sales related to prepaid products are deferred, and revenues are recognised at the time of use

- revenues from leased lines are recognised over the rental period
- revenues from the sale of equipment are recognised on delivery. Revenues from service contracts related to equipment are recognised over the contract period

Revenue arrangements with multiple deliverables are recognised as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions. Such revenues include the sale of equipment located at customer premises, e.g. switchboards and handsets.

The transaction price in revenue arrangements with multiple deliverables, such as handsets and subscriptions, are allocated to each performance obligation based on the stand-alone selling price. Where the selling price is not directly observable, it is estimated based on expected cost plus a margin. Discounts on bundled sales are allocated to each element in the contract.

Contracts with similar characteristics have been evaluated using a portfolio approach due to the large number of similar contracts.

In case of contracts for longer periods and if the payment exceeds the services rendered, contract liabilities are recognised.

Revenues are recognised gross when Nuuday A/S acts as the principal in a transaction. For content-based services and the resale of services from content providers where the company acts as the

agent, revenues are recognised net of direct costs.

The percentage-of-completion-method is used to recognise revenue from contract work in progress based on an assessment of the stage of completion. Contract work in progress includes installation of telephone and IT systems, systems integration and other business solutions.

Non-refundable up-front connection fees are included in the total transaction price for the contract with the customer and thereby allocated to the identified performance obligations (services).

The period between the transfer of the service to the customer and the payment by the customer is not of an extent that gives reason to adjust the transaction prices for the time value of money.

### Other income

Other income comprises mainly accounting items of a secondary nature compared with the company's principal activities.

### Cost of sales

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and landline networks and leased transmission capacity as well as interconnection and roaming costs related directly to the company's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-programme rights and other content costs.



## 1 | Accounting policies (continued)

### External expenses

External expenses include expenses related to marketing and advertising, subscriber acquisition costs (over the expected term of the related customer relationship), IT, property, expenses related to staff, capacity maintenance, service contracts, etc.

Expenses in connection with operating leases are recognised in the income statement over the term of the contract. The company's total commitment regarding operating leases are stated under other financial commitments.

### Personnel expenses

Wages, salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the year in which the employee renders the related services.

### Tax

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement.

Current income tax liabilities and current income tax receivables are recognised in the balance sheet as income tax payable or income tax receivable.

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying amounts and the tax bases of assets and liabilities at the balance sheet date. However, deferred tax is not recognised if the temporary difference arises

from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit/loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by Nuuday A/S and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-loss carryforwards are recognised at the value at which they are expected to be realised. Realisation is expected to be effected either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

### Intangible assets

Goodwill are recognised at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over the estimated useful life. Based on an assessment of the strong market position and an analysis of the underlying business plan, the amortisation period is estimated to 25 years.

Brands, licences, proprietary rights, etc. are measured at cost less accumulated amortisation and impairment losses, and are amortised on a straight-line basis over their estimated useful lives.

Customer-related assets are measured at cost less accumulated amortisation and impairment losses, and are amortised using the diminishing-balance method based on the percentage of churn (5% to 33%) corresponding to the expected pattern of consumption of the expected future economic benefits.

Development projects, including costs of computer software purchased or developed for internal use, are recognised as intangible assets if the cost can be calculated reliably and if they are expected to generate future economic benefits. Costs of development projects include wages, external charges, depreciation and amortisation that are directly attributable to the development activities as well as interest expenses in the production period.

Development projects that do not meet the criteria for recognition in the balance sheet are expensed as incurred in the income statement.

The main amortisation periods are as follows:

|                      |           |
|----------------------|-----------|
| Goodwill             | 25 years  |
| Brands               | 10 years  |
| Development projects | 3-7 years |

Development projects in process and intangible assets of indefinite useful lives are tested for impairment at least annually and written down to recoverable amounts in the income statement if exceeded by the carrying amount.

Intangible assets are recorded at the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and write-downs for impairment.

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of self-constructed assets includes directly attributable payroll costs, materials, depreciation, parts purchased and services rendered by sub-suppliers or contractors as well as interest expenses in the construction period. Cost also includes estimated decommissioning costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise personnel expenses together with other external expenses calculated in terms of time spent on self-constructed assets.

The depreciation base is measured at cost less residual value and any write-downs. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The main depreciation periods are as shown in the next table.

The useful lives and residual values of the assets are reviewed regularly. If the residual value exceeds the carrying amount of an asset, depreciation is discontinued.

## 1 | Accounting policies (continued)

|   |            |
|---|------------|
| Network equipment                                 | 3-20 years |
| Equipment (computers, tools and office equipment) | 3-15 years |

Property, plant and equipment that have been disposed of or scrapped are eliminated from accumulated cost and accumulated depreciation. Gains and losses arising from sale of property, plant and equipment are measured as the difference between the sales price less selling expenses and the carrying amount at the time of sale. The resulting gain or loss is recognised in the income statement under other income.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

Property, plant and equipment are recognised at the lower of recoverable amount and carrying amount.

### Investments in subsidiaries, joint ventures and associates

The equity method is used for measuring the investments in subsidiaries, joint ventures and associates. Under the equity method, the investment in a subsidiary, a joint venture or an associate is recognised on initial recognition at cost, and the carrying amount is increased or decreased to recognise Nuuday's share of the profit or loss of the investment after the date of acquisition. The company's share of profit or loss is

recognised in the company's profit or loss. Dividends received from investments in subsidiaries, joint ventures and associates reduce the carrying amount of the investment.

### Business combinations

On acquisition of subsidiaries, joint ventures and associates, the purchase method is applied, and acquired assets, liabilities and contingent liabilities are measured on initial recognition at fair values on the date of acquisition. Identifiable intangible assets are recognised if they can be separated and the fair value can be reliably measured. Deferred tax on the revaluation made is recognised.

Any positive differences between the cost and fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries are recognised as goodwill in the balance sheet under intangible assets. The cost is stated at the fair value of shares, debt instruments as well as cash and cash equivalents. Goodwill is amortised over 5 years. Negative goodwill is recognised in the income statement on the date of acquisition.

### Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Nuuday operates with standard customer payment terms where customer subscriptions are billed and paid in advance of the subscription period, while usage and one-off services are billed and paid after the subscription period. The receivables are generally due for settlement within 20-30 days and are

therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables, contract assets and lease receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

### Contract assets and liabilities

The most common subscriber acquisition costs are dealer commissions. Subscriber acquisition costs and fulfilment costs are capitalised and recognised as expenses in external expenses and personnel expenses over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of management estimates may have a significant impact on the amount and timing of the expenses for any period.

Deferred subscription income recognised as a liability comprises payments received from customers covering income in subsequent years.

### Reserve for capitalised development projects

In accordance with the Danish Financial Statements Act, the company has established a non-distributable reserve in equity regarding development projects capitalised. This reserve will be reversed as the development projects are amortised or impaired.

### Loans

Loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other financial liabilities are measured at amortised cost.

## 2 | Personnel expenses

| (DKKm)   | 2019           |
|--|----------------|
| Wages and salaries (including short-term bonus)  | (2,143)        |
| Pensions   | (203)          |
| Social security                                  | (38)           |
| <b>Total</b>                                     | <b>(2,384)</b> |
| Of which capitalised as non-current assets       | 466            |
| <b>Total</b>                                     | <b>(1,918)</b> |
| Average number of full-time employee equivalents | 3,848          |

## 3 | Investment in subsidiaries

| Enterprises and activities acquired | Date of recognition | Proportion acquired |
|-------------------------------------|---------------------|---------------------|
| Firmafon ApS                        | 28 February 2019    | 100%                |
| Secu A/S                            | 8 March 2019        | 100%                |

At the date of acquisition, the cost of the assets and liabilities acquired totalled DKK 37m. Following adjustment of net assets to fair value, goodwill was measured at DKK 95m. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the business combinations.

Subsequently Firmafon ApS has been merged with Nuuday A/S.

## 4 | Loans from parent company

| (DKKm)  | 2019         |
|---|--------------|
| Recognised in the balance sheet at present value: |              |
| Non-current                                       | 9,000        |
| <b>Total</b>                                      | <b>9,000</b> |
| Maturing between 1 and 3 years                    | 1,547        |
| Maturing between 3 and 5 years                    | 1,573        |
| Maturing after 5 years                            | 5,880        |
| <b>Total</b>                                      | <b>9,000</b> |

## 5 | Related parties

Nuuday A/S is owned by TDC A/S, Copenhagen, and is included in the consolidated financial statements for TDC Group, which can be downloaded from [www.investor.tdc.dk](http://www.investor.tdc.dk)

Nuuday A/S is also included in the Group Annual Report of the ultimate parent company DKT Holdings ApS.

## 6 | Other financial commitments

| (DKKm)   | 2019       |
|--|------------|
| <b>Lease commitments for all operating leases<sup>1</sup></b>                              |            |
| Properties   | 903        |
| Machinery, equipment, etc.   | 45         |
| <b>Total</b>   | <b>948</b> |
| <b>Purchase commitments</b>  |            |
| Commitments related to infrastructure, IT and administrative services from group companies | 20,950     |
| Commitments related to outsourcing agreements  | 21         |

<sup>1</sup>All lease commitments are against group companies.

## 7 | Pledges and contingencies

Receivables from group enterprises with a carrying amount of DKK 1,055m and cash with a carrying amount of DKK 17m are pledged as security for the parent company TDC A/S's long-term loans.

Nuuday A/S is jointly registered for Danish VAT with the parent company TDC A/S and the majority of its Danish subsidiaries and is jointly and severally liable for payment of VAT.

Nuuday A/S participates in joint taxation with DKT Holdings ApS, which is the ultimately owner of the TDC Group and management company in the joint taxation. The jointly taxed companies are jointly and severally liable for the total income taxes, taxes paid on account and outstanding residual tax (with additional payments and interest) relating to the joint taxation.

Nuuday A/S is liable for obligations attributable to the activities, assets and liabilities of TDC A/S that existed at the demerger on 11 June 2019. The joint and several liabilities of Nuuday A/S and TDC A/S respectively cannot exceed an amount corresponding to the net value of the assets and liabilities.

## 8 | Events after the balance sheet date

The implications of Covid-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of Covid-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Management assesses that Covid-19 will not significantly impact the Company's revenue and net profit for 2020. However, the outbreak of Covid-19 is ongoing, and the impact on the Company and its operations remains uncertain.

# Management statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of Nuuday A/S for 2019.

The Annual Report has been prepared in accordance with the Danish financial statement acts provisions for class B companies.

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2019 of the company and of the results of the company's operations for 2019.

In our opinion, the management's review includes a true and fair account of the developments in the operations and financial circumstances of the company, of the results for the year and of the financial position of the company.

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

Copenhagen, 27 April 2020

## Executive Committee

**Michael Moyell Juul**  
Chief Executive Officer

**Christina Bisgaard Laursen**  
Chief Financial Officer

## Board of Directors

**Lasse Rudebeck Pilgaard**  
Chairman

**Henrik Clausen**

**Jens Aaløse**

**Lars Søholm**

**Tobias Tolstrup**

# Independent auditor's report

## To the shareholders of Nuuday A/S

### Our opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nuuday A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with

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

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

### Management's responsibilities for the Financial Statements

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

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

### Auditor's responsibilities for the audit of the Financial Statements

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

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

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

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Hellerup, 27 April 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

**Lars Baungaard**

State Authorised Public Accountant  
mme23331  
CVR-nr. 40075291

**Tue Stensgård Sørensen**

State Authorised Public Accountant  
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