

Isthmus Danish Bidco ApS

Kalvebod Brygge 24
1560 Copenhagen V
Central Business Registration
No 40093605

Annual report 14.12.2018 - 31.12.2019

The Annual General Meeting adopted the annual report on 01.09.2020

Chairman of the General Meeting

Name: Ronni Woods Engelhardt

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Entity details

Entity

Isthmus Danish Bidco ApS
Kalvebod Brygge 24
1560 Copenhagen V

Central Business Registration No (CVR): 40093605
Registered in: Copenhagen
Financial year: 14.12.2018 - 31.12.2019

Executive Board

Ronni Woods Engelhardt

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Isthmus Danish Bidco ApS for the financial year 14.12.2018 - 31.12.2019.

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

In my opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019 and of the results of their operations and the Group's cash flows for the financial year 14.12.2018 - 31.12.2019.

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

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

Copenhagen, 01.09.2020

Executive Board

Ronni Woods Engelhardt

Independent auditor's report

To the shareholder of Isthmus Danish Bidco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Isthmus Danish Bidco ApS for the financial year 14.12.2018 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 14.12.2018 - 31.12.2019 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

Independent auditor's report

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 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, 01.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jan Larsen
State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

	2018/19 EUR'000
Financial highlights	
Key figures	
Gross profit	1.981
Operating profit/loss	(6.448)
Net financials	(3.501)
Profit/loss for the year	(10.171)
Total assets	339.044
Investments in property, plant and equipment	18.074
Equity	183.214
Cash flows from (used in) operating activities	84.864
Cash flows from (used in) investing activities	(133.360)
Cash flows from (used in) financing activities	46.372
Ratios	
Return on equity (%)	(5,6)
Equity ratio (%)	54,0

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

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

Management commentary

Primary activities

The Group's activities are sale, development and hosting of software to domain-related services, domain name registry activities as well as support services.

Development in activities and finances

Loss for the year is EUR 12.120 thousand and is below Management's expectations.

Uncertainty relating to recognition and measurement

There has been no uncertainty relating to recognition and measurement.

Outlook

A result equal to the level attained this year is expected for 2020. In addition, the Group expects a positive cash flow.

Environmental performance

The Group takes a proactive approach to its environmental impact.

In connection with its server operations the Group has, for example, made sure that only renewable energy consisting of electricity generated by wind turbines is being used.

In addition, the Group is continuously aware of the environmental impact of purchasing and ongoing resource usage.

Research and development activities

The Group's employees are highly skilled and they constantly improve the initiatives effected in direct consequence of the demand by the customers.

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. In terms of the COVID-19 outbreak in March 2020 the Group has not experienced any indications of significantly decreasing activities.

Consolidated income statement for 2018/19

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Gross profit		1.981
Staff costs	1	(5.794)
Depreciation, amortisation and impairment losses	2	(2.635)
Operating profit/loss		(6.448)
Other financial income	3	3.455
Other financial expenses	4	(6.956)
Profit/loss before tax		(9.949)
Tax on profit/loss for the year	5	(222)
Profit/loss for the year	6	(10.171)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Acquired licences		899
Goodwill		41.601
Intangible assets	7	42.500
Other fixtures and fittings, tools and equipment		5.358
Property, plant and equipment	8	5.358
Other receivables		1.089
Fixed asset investments	9	1.089
Fixed assets		48.947
Trade receivables		87
Receivables from group enterprises		285.445
Other receivables		826
Income tax receivable		41
Prepayments	10	973
Receivables		287.372
Cash		2.725
Current assets		290.097
Assets		339.044

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Contributed capital		1.940
Retained earnings		181.274
Equity		183.214
Deferred tax		357
Provisions		357
Finance lease liabilities		1.237
Non-current liabilities other than provisions	11	1.237
Current portion of long-term liabilities other than provisions	11	1.857
Bank loans		4.849
Trade payables		666
Payables to group enterprises		145.345
Other payables		1.157
Deferred income		362
Current liabilities other than provisions		154.236
Liabilities other than provisions		155.473
Equity and liabilities		339.044
Unrecognised rental and lease commitments	13	
Assets charged and collateral	14	
Group relations	15	
Subsidiaries	16	

Consolidated statement of changes in equity for 2018/19

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Contributed upon formation	1.940	0	1.940
Increase of capital	0	191.445	191.445
Profit/loss for the year	0	(10.171)	(10.171)
Equity end of year	1.940	181.274	183.214

Consolidated cash flow statement for 2018/19

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Operating profit/loss		(6.448)
Amortisation, depreciation and impairment losses		2.635
Working capital changes	12	92.270
Cash flow from ordinary operating activities		88.457
Financial income received		3.455
Financial expenses paid		(6.956)
Income taxes refunded/(paid)		(92)
Cash flows from operating activities		84.864
Acquisition etc of intangible assets		(42.934)
Acquisition etc of property, plant and equipment		(924)
Acquisition of enterprises		(89.502)
Cash flows from investing activities		(133.360)
Incurrence of debt to group enterprises		(147.013)
Cash increase of capital		193.385
Cash flows from financing activities		46.372
Increase/decrease in cash and cash equivalents		(2.124)
Cash and cash equivalents end of year		(2.124)
Cash and cash equivalents at year-end are composed of:		
Cash		2.725
Short-term debt to banks		(4.849)
Cash and cash equivalents end of year		(2.124)

Notes to consolidated financial statements

	2018/19 EUR'000
1. Staff costs	
Wages and salaries	5.800
Pension costs	39
Other social security costs	(70)
Other staff costs	25
	5.794
Average number of employees	165

Referring to section 98b(3) of the Danish Financial Statement Act, remuneration to the Executive Board has not been disclosed.

	2018/19 EUR'000
2. Depreciation, amortisation and impairment losses	
Amortisation of intangible assets	1.418
Depreciation of property, plant and equipment	1.501
Profit/loss from sale of intangible assets and property, plant and equipment	(284)
	2.635

	2018/19 EUR'000
3. Other financial income	
Financial income arising from group enterprises	3.206
Other interest income	1
Exchange rate adjustments	19
Other financial income	229
	3.455

	2018/19 EUR'000
4. Other financial expenses	
Financial expenses from group enterprises	4.685
Other interest expenses	186
Exchange rate adjustments	1.786
Other financial expenses	299
	6.956

Notes to consolidated financial statements

	2018/19
	EUR'000
5. Tax on profit/loss for the year	
Current tax	52
Change in deferred tax	170
	222
	2018/19
	EUR'000
6. Proposed distribution of profit/loss	
Retained earnings	(10.171)
	(10.171)
	Acquired
	licences
	EUR'000
	Goodwill
	EUR'000
7. Intangible assets	
Addition through business combinations etc	1.527
Additions	68
Cost end of year	1.595
	42.884
Transfers	(528)
Amortisation for the year	(168)
Amortisation and impairment losses end of year	(696)
	41.601
Carrying amount end of year	899
	41.601
	Other
	fixtures and
	fittings, tools
	and
	equipment
	EUR'000
8. Property, plant and equipment	
Addition through business combinations etc	14.130
Additions	3.944
Disposals	(1.664)
Cost end of year	16.410
Transfers	(10.876)
Depreciation for the year	(1.501)
Reversal regarding disposals	1.325
Depreciation and impairment losses end of year	(11.052)
Carrying amount end of year	5.358

Notes to consolidated financial statements

The carrying amount includes:

Assets held under finance leases EUR 4.062 thousand.

	Other receivables EUR'000
9. Fixed asset investments	
Addition through business combinations etc	1.096
Additions	9
Disposals	(60)
Cost end of year	1.045
Revaluations for the year	44
Revaluations end of year	44
Carrying amount end of year	1.089

10. Prepayments

Prepayments comprise prepaid expenses.

	Due within 12 months 2018/19 EUR'000	Due after more than 12 months 2018/19 EUR'000
11. Liabilities other than provisions		
Finance lease liabilities	1.857	1.237
	1.857	1.237
12. Change in working capital		2018/19 EUR'000
Increase/decrease in receivables		93.010
Increase/decrease in trade payables etc		(740)
		92.270
13. Unrecognised rental and lease commitments		2018/19 EUR'000
Liabilities under rental or lease agreements until maturity in total		398

14. Assets charged and collateral

Cash and cash equivalents with a book value of EUR 11.230 thousand have been deposited as security for

Notes to consolidated financial statements

forward exchange transactions.

Collateral provided for subsidiaries and group enterprises

The Entity has provided guarantee of payment to related party's banking connection. The bank debt amounts to EUR 66.187 thousand.

15. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Redhalo Midco (UK) Ltd., Warwick Court, 5 Paternoster Square, London EC4M 7AG, United Kingdom. The consolidated financial statements of Redhalo Midco (UK) Ltd. can be obtained at the following address:

Redhalo Midco (UK) Ltd.
Warwick Court
5 Paternoster Square
London, EC4M 7AG
United Kingdom

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Redhalo Midco (UK) Ltd, Warwick Court, 5 Paternoster Square, London EC4M 7AG, United Kingdom. The consolidated financial statements of Tribes (Holdings) Limited can be obtained at the following address:

Redhalo Midco (UK) Ltd.
Warwick Court
5 Paternoster Square
London, EC4M 7AG
United Kingdom

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
16. Subsidiaries			
Tribes (Holdings) Limited	London, United Kingdom	Limited	100,0
One.com A/S	Copenhagen V, Denmark	A/S	100,0
One.com India Private Limited	Gurgaon, India	Pvt. Ltd.	100,0

Parent income statement for 2018/19

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Gross loss		(5.849)
Staff costs	1	(107)
Operating profit/loss		(5.956)
Other financial expenses	2	(6.164)
Profit/loss for the year	3	(12.120)

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Investments in group enterprises		326.671
Fixed asset investments	4	<u>326.671</u>
Fixed assets		<u>326.671</u>
Receivables from group enterprises		6
Receivables		<u>6</u>
Cash		<u>67</u>
Current assets		<u>73</u>
Assets		<u>326.744</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2018/19 EUR'000</u>
Contributed capital	5	1.940
Retained earnings		179.325
Equity		181.265
Trade payables		75
Payables to group enterprises		145.337
Other payables		67
Current liabilities other than provisions		145.479
Liabilities other than provisions		145.479
Equity and liabilities		326.744
Contingent liabilities	6	
Assets charged and collateral	7	

Parent statement of changes in equity for 2018/19

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Contributed upon formation	1.940	0	1.940
Increase of capital	0	191.445	191.445
Profit/loss for the year	0	(12.120)	(12.120)
Equity end of year	1.940	179.325	181.265

Notes to parent financial statements

	2018/19 EUR'000
1. Staff costs	
Wages and salaries	108
Other staff costs	(1)
	107
Average number of employees	1

Referring to section 98b(3) of the Danish Financial Statement Act, remuneration to the Executive Board has not been disclosed.

	2018/19 EUR'000
2. Other financial expenses	
Financial expenses from group enterprises	4.687
Exchange rate adjustments	1.462
Other financial expenses	15
	6.164

	2018/19 EUR'000
3. Proposed distribution of profit/loss	
Retained earnings	(12.120)
	(12.120)

	Invest- ments in group enterprises EUR'000
4. Fixed asset investments	
Addition through business combinations etc	326.671
Cost end of year	326.671
Carrying amount end of year	326.671

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

Notes to parent financial statements

	<u>Number</u>	<u>Par value EUR'000</u>	<u>Nominal value EUR'000</u>
5. Contributed capital			
Ordinary shares	193.385	10	193.385
	193.385		193.385

6. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

7. Assets charged and collateral

Cash and cash equivalents with a book value of EUR 11.230 thousand have been deposited as security for forward exchange transactions.

Collateral provided for subsidiaries and group enterprises

The Entity has provided guarantee of payment to related party's banking connection. The bank debt amounts to EUR 66.187 thousand.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of 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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover

Accounting policies

date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary

Accounting policies

activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost.

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 write-downs 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 as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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 dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, 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, net capital or exchange losses on 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.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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.

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, but over no more than 20 years.

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

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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	2-5 years
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Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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 plus or minus unamortised positive, or negative, goodwill and plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method under equity.

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

Accounting policies

Receivables

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

Income tax payable or receivable

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

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 tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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 re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

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.

Accounting policies

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 debt.