# *Fokus Group Holding ApS*

Bomhusvej 13, 1., DK-2100 København Ø

# Annual Report for 15 March - 31 December 2021

CVR No 42 21 84 80

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/4 2022

Tonny Nielsen
Chairman of the General Meeting

# Contents

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Fokus Group Holding ApS for the financial year 15 March - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

København, 27 April 2022

**Executive Board**

| | |
|---|---|
| Tonny Nielsen<br>CEO | Morten Madsen<br>Executive Officer |

**Board of Directors**

| | | |
|---|---|---|
| Paul Mizrahi<br>Chairman | Morten Madsen | Tonny Nielsen |
| Damien Serge Louis René Lestang | Aloysius Friedrich A. Von<br>Mitschke-Collande | |

# Independent Auditor's Report

To the Shareholders of Fokus Group Holding ApS

**Opinion**
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 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 15 March - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Fokus Group Holding ApS for the financial year 15 March - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the 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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

# Independent Auditor's Report

**Management's responsibilities for the 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 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 Group's and 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 Group or 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 judgement and maintain professional scepticism 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 and the Group's internal control.

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

# Independent Auditor's Report

- 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 Group's and 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 Group and 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.

- 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.

Hellerup, 27 April 2022
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

Maj-Britt Nørskov Nannestad
statsautoriseret revisor
mne32198

# Company Information

| | |
|---|---|
| **The Company** | Fokus Group Holding ApS<br>Bomhusvej 13, 1.<br>DK-2100 København Ø<br><br>CVR No: 42 21 84 80<br>Financial period: 15 March - 31 December<br>Incorporated: 15 March 2021<br>Financial year: 1st financial year<br>Municipality of reg. office: Copenhagen |
| **Board of Directors** | Paul Mizrahi , Chairman<br>Morten Madsen<br>Tonny Nielsen<br>Damien Serge Louis René Lestang<br>Aloysius Friedrich A. Von Mitschke-Collande |
| **Executive Board** | Tonny Nielsen<br>Morten Madsen |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup |

# Financial Highlights

Seen over a one-year period, the development of the Group is described by the following financial highlights:

| | Group |
|---|---|
| | 2021 |
| | TDKK |
| **Key figures** | |
| **Profit/loss** | |
| Revenue | 69.119 |
| Profit/loss before financial income and expenses | -6.794 |
| Net financials | -4.513 |
| Net profit/loss for the year | -14.910 |
| **Balance sheet** | |
| Balance sheet total | 713.235 |
| Equity | 474.941 |
| **Cash flows** | |
| Cash flows from: | |
| - operating activities | 34.763 |
| - investing activities | -677.736 |
| including investment in property, plant and equipment | -487 |
| - financing activities | 655.010 |
| Change in cash and cash equivalents for the year | 12.037 |
| Number of employees at the end of the year | 57 |
| **Ratios** | |
| Gross margin | 70,2% |
| Profit margin | -9,8% |
| Return on assets | -1,0% |
| Solvency ratio | 66,6% |
| Return on equity | -6,3% |

Fokus Group Holding ApS was established at 15 March 2021, the consolidated figures for the financial year 2021 includes only the period 15 March 2021 - 31 December 2021.

# Management's Review

## Key activities

The Group's main activity is to provide investment, fund, and asset management services to Danish and foreign property investors.

## Development in the year

The income statement of the Group for 2021 shows a loss of TDKK 14,910, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 474,941.

## The past year and follow-up on development expectations from last year

Annual results 2021 is considered satisfactory. As the Group was established in 2021 expectations have not previously been announced.

### *Operational risks and financial risks*

The Group does not incur special risks in addition to those that are common within the industry - nor business and financial risks that the Group may be affected by.

## Targets and expectations for the year ahead

The Group expects to continue development of activities in the Nordics and therefore revenues as well as profits are expected to increase.

## External environment

The Group is environmentally aware and does its utmost to reduce the impact from the daily business on the environment. The Group is on an ongoing basis looking for energy-saving and digitalization opportunities to optimize the environmental impact of operations.

## Intellectual capital resources

The Group is focused on the well-being and continuous development of its employees, including internal induction and training programs as well as external education and advice. The Group continuously focuses on attracting and retaining employees with long term experience and the necessary professional competencies. During the year, there has been an inflow of competent and experienced employees, which has strengthened the Group's knowledge and competence base. The overall objective of the Group's recruitment policy is to stabilize and secure the future of the organization and the Group's continued growth.

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

# Management's Review

### Unusual events

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

### Subsequent events

With effect from 10 of March 2022 Scius Partners AB – a boutique investment and asset manager headquartered in Stockholm – was acquired as a 100% buy-out of existing Scius partners followed by a re-investment in the Group by the partners. The acquisition was the first step in the strategy to become a leading investment and asset manager in the Nordics and sets out the framework to further develop the Nordic business platform.

Other than this, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Income Statement 15 March - 31 December

| | Note | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|---|
| **Revenue** | | **69.119** | **0** |
| Other external expenses | | -20.577 | -100 |
| **Gross profit/loss** | | **48.542** | **-100** |
| Staff expenses | 1 | -34.509 | 0 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 2 | -20.827 | 0 |
| **Profit/loss before financial income and expenses** | | **-6.794** | **-100** |
| Financial income | 3 | 0 | 894 |
| Financial expenses | 4 | -4.513 | -894 |
| **Profit/loss before tax** | | **-11.307** | **-100** |
| Tax on profit/loss for the year | 5 | -3.603 | 22 |
| **Net profit/loss for the year** | | **-14.910** | **-78** |

# Balance Sheet 31 December

## Assets

| | Note | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|---|
| Software | | 75 | 0 |
| Acquired other similar rights | | 159.183 | 0 |
| Goodwill | | 477.652 | 0 |
| **Intangible assets** | 6 | **636.910** | **0** |
| Other fixtures and fittings, tools and equipment | | 285 | 0 |
| **Property, plant and equipment** | 7 | **285** | **0** |
| Investments in subsidiaries | 8 | 0 | 489.851 |
| Other investments | 9 | 19.665 | 0 |
| Deposits | 9 | 48 | 0 |
| **Fixed asset investments** | | **19.713** | **489.851** |
| **Fixed assets** | | **656.908** | **489.851** |
| Trade receivables | | 35.736 | 0 |
| Other receivables | | 5.913 | 0 |
| Deferred tax asset | 13 | 0 | 22 |
| Prepayments | 10 | 2.641 | 0 |
| **Receivables** | | **44.290** | **22** |
| **Cash at bank and in hand** | | **12.037** | **0** |
| **Currents assets** | | **56.327** | **22** |
| **Assets** | | **713.235** | **489.873** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|---|
| Share capital | 11 | 1.000 | 1.000 |
| Share premium account | | 488.851 | 488.851 |
| Retained earnings | | -14.910 | -78 |
| **Equity** | | **474.941** | **489.773** |
| Provision for deferred tax | 13 | 34.858 | 0 |
| **Provisions** | | **34.858** | **0** |
| Credit institutions | | 157.163 | 0 |
| **Long-term debt** | 14 | **157.163** | **0** |
| Credit institutions | 14 | 8.332 | 0 |
| Trade payables | | 24.225 | 0 |
| Corporation tax | | 1.201 | 0 |
| Other payables | | 12.515 | 100 |
| **Short-term debt** | | **46.273** | **100** |
| **Debt** | | **203.436** | **100** |
| **Liabilities and equity** | | **713.235** | **489.873** |
| Distribution of profit | 12 | | |
| Contingent assets, liabilities and other financial obligations | 17 | | |
| Related parties | 18 | | |
| Accounting Policies | 19 | | |

# Statement of Changes in Equity

**Group**

| | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 15 March | 40 | 0 | 0 | 40 |
| Capital increase | 960 | 488.851 | 0 | 489.811 |
| Net profit/loss for the year | 0 | 0 | -14.910 | -14.910 |
| **Equity at 31 December** | **1.000** | **488.851** | **-14.910** | **474.941** |

**Parent**

| | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|
| Equity at 15 March | 40 | 0 | 0 | 40 |
| Capital increase | 960 | 488.851 | 0 | 489.811 |
| Net profit/loss for the year | 0 | 0 | -78 | -78 |
| **Equity at 31 December** | **1.000** | **488.851** | **-78** | **489.773** |

# Cash Flow Statement 15 March - 31 December

| | Note | Group 2021 |
|---|---|---|
| | | TDKK |
| Net profit/loss for the year | | -14.910 |
| Adjustments | 15 | 28.944 |
| Change in working capital | 16 | -7.550 |
| **Cash flows from operating activities before financial income and expenses** | | **6.484** |
| Financial expenses | | -4.177 |
| **Cash flows from ordinary activities** | | **2.307** |
| Corporation tax paid | | 32.456 |
| **Cash flows from operating activities** | | **34.763** |
| Purchase of intangible assets | | -657.536 |
| Purchase of property, plant and equipment | | -487 |
| Fixed asset investments made etc | | -19.713 |
| **Cash flows from investing activities** | | **-677.736** |
| Repayment of mortgage loans | | -336 |
| Repayment of loans from credit institutions | | 165.495 |
| Cash capital increase | | 489.811 |
| Other adjustments | | 40 |
| **Cash flows from financing activities** | | **655.010** |
| **Change in cash and cash equivalents** | | **12.037** |
| Cash and cash equivalents at 15 March | | 0 |
| **Cash and cash equivalents at 31 December** | | **12.037** |
| Cash and cash equivalents are specified as follows: | | |
| Cash at bank and in hand | | 12.037 |
| **Cash and cash equivalents at 31 December** | | **12.037** |

# Notes to the Financial Statements

| | | Group | Parent |
|---|---|---|---|
| | | 2021 | 2021 |
| | | TDKK | TDKK |
| **1** | **Staff expenses** | | |
| | Wages and salaries | 31.763 | 0 |
| | Pensions | 2.092 | 0 |
| | Other social security expenses | 296 | 0 |
| | Other staff expenses | 358 | 0 |
| | | **34.509** | **0** |
| | **Average number of employees** | **26** | **0** |

The number of employees at the end of the year is 57.

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

| | | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|---|
| **2** | **Depreciation, amortisation and impairment of intangible assets and property, plant and equipment** | | |
| | Amortisation of intangible assets | 20.625 | 0 |
| | Depreciation of property, plant and equipment | 202 | 0 |
| | | **20.827** | **0** |
| **3** | **Financial income** | | |
| | Interest received from group enterprises | 0 | 894 |
| | | **0** | **894** |
| **4** | **Financial expenses** | | |
| | Interest paid to group enterprises | 0 | 894 |
| | Other financial expenses | 4.513 | 0 |
| | | **4.513** | **894** |

# Notes to the Financial Statements

| | Group | Parent |
|---|---|---|
| | 2021 | 2021 |
| | TDKK | TDKK |

## 5 Tax on profit/loss for the year

| | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|
| Current tax for the year | 5.570 | 0 |
| Deferred tax for the year | -1.967 | -22 |
| | **3.603** | **-22** |

## 6 Intangible assets

**Group**

| | Software | Acquired other similar rights | Goodwill |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Cost at 15 March | 0 | 0 | 0 |
| Net effect from merger and acquisition | 221 | 167.561 | 489.899 |
| Cost at 31 December | 221 | 167.561 | 489.899 |
| Impairment losses and amortisation at 15 March | 0 | 0 | 0 |
| Amortisation for the year | 146 | 8.378 | 12.247 |
| Impairment losses and amortisation at 31 December | 146 | 8.378 | 12.247 |
| **Carrying amount at 31 December** | **75** | **159.183** | **477.652** |
| Amortised over | 3 years | 15 years | 20 years |

## 7 Property, plant and equipment

**Group**

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Cost at 15 March | 0 |
| Net effect from merger and acquisition | 488 |
| Cost at 31 December | 488 |

# Notes to the Financial Statements

## 7 Property, plant and equipment (continued)

**Group**

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Impairment losses and depreciation at 15 March | 0 |
| Depreciation for the year | 203 |
| Impairment losses and depreciation at 31 December | 203 |
| **Carrying amount at 31 December** | **285** |
| Depreciated over | 3-5 years |

## 8 Investments in subsidiaries

| | **Parent** |
|---|---|
| | 2021 |
| | TDKK |
| Cost at 15 March | 0 |
| Additions for the year | 489.851 |
| **Carrying amount at 31 December** | **489.851** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership | Equity | Net profit/loss for the year |
|---|---|---|---|---|
| Fokus ApS | Copenhagen, Denmark | 100% | 498.206 | 8.314 |

# Notes to the Financial Statements

## 9 Other fixed asset investments

| | Group | |
|---|---|---|
| | Other investments | Deposits |
| | TDKK | TDKK |
| Cost at 15 March | 0 | 0 |
| Net effect from merger and acquisition | 19.665 | 48 |
| Cost at 31 December | 19.665 | 48 |
| **Carrying amount at 31 December** | **19.665** | **48** |

## 10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

## 11 Share capital

The share capital consists of 1,000,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

| | 2021 |
|---|---|
| | TDKK |
| Share capital at 15 March | 40 |
| Capital increase | 960 |
| Capital decrease | 0 |
| **Share capital at 31 December** | **1.000** |

# Notes to the Financial Statements

| | Group | Parent |
|---|---|---|
| | 2021 | 2021 |
| | TDKK | TDKK |

## 12 Distribution of profit

| | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|
| Retained earnings | -14.910 | -78 |
| | **-14.910** | **-78** |

## 13 Provision for deferred tax

| | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|
| Provision for deferred tax at 15 March | 0 | 0 |
| Amounts recognised in the income statement for the year | -1.967 | -22 |
| Amounts recognised in equity for the year | 36.825 | 0 |
| **Provision for deferred tax at 31 December** | **34.858** | **-22** |
| | | |
| Intangible assets | 35.020 | 0 |
| Property, plant and equipment | -162 | 0 |
| Tax loss carry-forward | 0 | -22 |
| Transferred to deferred tax asset | 0 | 22 |
| | **34.858** | **0** |

Deferred tax has been provided at 22% corresponding to the current tax rate.

**Deferred tax asset**

The deffered tax asset relates to losses in subsidiaries.

| | Group 2021 TDKK | Parent 2021 TDKK |
|---|---|---|
| Calculated tax asset | 0 | 22 |
| **Carrying amount** | **0** | **22** |

# Notes to the Financial Statements

## 14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| | Group | Parent |
|---|---|---|
| | 2021 | 2021 |
| | TDKK | TDKK |
| **Credit institutions** | | |
| Between 1 and 5 years | 157.163 | 0 |
| Long-term part | 157.163 | 0 |
| Within 1 year | 8.332 | 0 |
| | **165.495** | **0** |

## 15 Cash flow statement - adjustments

| | |
|---|---|
| Financial expenses | 4.513 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 20.828 |
| Tax on profit/loss for the year | 3.603 |
| | **28.944** |

## 16 Cash flow statement - change in working capital

| | |
|---|---|
| Change in receivables | -44.290 |
| Change in trade payables, etc | 36.740 |
| | **-7.550** |

# Notes to the Financial Statements

## 17 Contingent assets, liabilities and other financial obligations

**Contingent liabilities**

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 1.201. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

## 18 Related parties

| | Basis |
|---|---|

**Transactions**

All transactions with related parties which have not been in accordance with market conditions will be disclosed. There have been no such transactions in the financial year.

**Ownership**

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

BlackFin Financial Services Fund III
TMJPF Holding ApS
MOMA Holding ApS

# Notes to the Financial Statements

**19 Accounting Policies**

The Annual Report of Fokus Group Holding ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

**Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

**Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, Fokus Group Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

**19 Accounting Policies** (continued)

### Business combinations

***Business combinations***

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

# Notes to the Financial Statements

**19 Accounting Policies** (continued)

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 sale of services, which includes fees from management and administration as well as transactions fee, is recognized in net revenue as the service is provided and when it is probable that economic benefits will accrue to the company and when revenue can be calculated reliably.

**Other external expenses**

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

**Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

**Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

**Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

**19 Accounting Policies** (continued)

### 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. The tax effect of the joint taxation is allocated to Danish 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 straight-line basis over its useful life, which is assessed at 20 years.

The estimated financial life is based on the acticity's unique commercial position and the employee's commercial and technical skills that are expected to be in use for at least 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Separately acquired intangible assets are measured at historical cost. Customer relations acquired through business combinations are recognised at fair value at the acqusition date. Customer relations is amortised on a straight-line basis over its useful life, which is assessed 15 years.

### Property, plant and equipment

Property, plant and equipment 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

| | | |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 3-5 | years |

# Notes to the Financial Statements

**19 Accounting Policies** (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

**Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

**Investments in subsidiaries**

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

**Fixed asset investments**

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

**Other fixed asset investments**

Other fixed asset investments consist of deposita.

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

**Prepayments**

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

**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.

**19 Accounting Policies** (continued)

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.

**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 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.

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

# Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

**Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

# Notes to the Financial Statements

**19 Accounting Policies** (continued)

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

# Financial Highlights

### Explanation of financial ratios

| | |
|---|---|
| Gross margin | $\frac{\text{Gross profit x 100}}{\text{Revenue}}$ |
| Profit margin | $\frac{\text{Profit before financials x 100}}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financials x 100}}{\text{Total assets}}$ |
| Solvency ratio | $\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$ |