Alpha HoldCo ApS

Park Allé 290, 1. th, DK-2605 Brøndby

Annual Report for 18 June - 31 December 2021

CVR No 42 47 35 10

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29/4 2022

Brian Bisgaard
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Alpha HoldCo ApS for the financial year 18 June - 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.

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

Brøndby, 29 April 2022

Executive Board

Martin Godske CEO	Brian Bisgaard Executive Officer

Board of Directors

Kristian Emborg Chairman	Philip Søren Thorsen	Martin Godske
Brian Bisgaard	David Porter	Alexander David Martti Cunynghame

Independent Auditor's Report

To the Shareholder of Alpha HoldCo 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 18 June - 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 Alpha HoldCo ApS for the financial year 18 June - 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.

- 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, 29 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
statsautoriseret revisor
mne33262

Jesper Randall Petersen
statsautoriseret revisor
mne34352

Company Information

The Company	Alpha HoldCo ApS Park Allé 290, 1. th DK-2605 Brøndby CVR No: 42 47 35 10 Financial period: 18 June - 31 December Municipality of reg. office: Brøndby
Board of Directors	Kristian Emborg, Chairman Philip Søren Thorsen Martin Godske Brian Bisgaard David Porter Alexander David Martti Cunynghame
Executive Board	Martin Godske Brian Bisgaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 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	175.527
Operating profit/loss	62
Profit/loss before financial income and expenses	94
Net financials	-11.235
Net profit/loss for the year	-11.791
Balance sheet	
Balance sheet total	703.326
Equity	308.864
Cash flows	
Cash flows from:	
- operating activities	4.733
- investing activities	-519.323
including investment in property, plant and equipment	-15.678
- financing activities	544.580
Change in cash and cash equivalents for the year	29.990
Number of employees	506
Ratios	
Gross margin	90,4%
Profit margin	0,1%
Return on assets	0,0%
Solvency ratio	43,9%
Return on equity	-7,6%

Management’s Review

Key activities

The purpose of the company is to invest in investments in order to create a return, to provide management services to subsidiaries and all companies that, in the director's opinion, are related to this.

Unusual conditions

Besides the affect of the COVID-19 pandemic, the Group has experienced an increase in sickness absence in 2021.

In addition to COVID-19 the Group's balance sheet and financial position per December 31, 2021, is not affected by unusual circumstances.

Development in the year

The income statement of the Group for 2021 shows a loss of TDKK 11,791, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 308,864.

The Group has been established this year aftet the purchase of the Habitus Group.

The Group's growth in revenue is considered unsatisfactory.

As a result of the COVID-19 pandemic, the Group experienced an increase in sickness absence in 2021. In addition, during the year, there has been a large turnover of staff in several of the Group's subsidiaries, which has led to increased staff costs.

In 2021, there has been a continued focus on competence development with "outrage" as the theme, as well as other health related aspects.

The result for the year is unsatisfactory.

Special risks

The Group's operational risks are related to the contracts entered with the Danish municipalities. The financial risks are limited in terms of the Group's financial preparedness, as well as the Group's credit risks are minimal given the spread in customers and business partners.

Long term debt is in DKK. As income and expenses are also in DKK implies that the group is not exposed to currency fluctuations.

Data ethics

In our business, the most sensitive data is related to employees and residents. GDPR legislation satisfactorily covers this area, which is why we do not have a separate policy on data ethics.

Management's Review

Targets and expectations for the year ahead

The current organizational structure has contributed positively to the year result, which is expected to continue in the coming year.

For year 2022 we expect an increase in revenue in the range 10% to 15%

Research and development

It is essential for the Group's continued growth to attract and retain skilled and well-trained employees with expertise in autism spectrum disorders, as well as other complex diagnoses.
The Group offers employees a comprehensive course program, where employees are trained and updated within the subject area.

Our policy in this area is that all employees working with residents must undergo compulsory modules and pass tests in the Habitus Academy before providing support to our residents. With this, we ensure a high and uniform quality across the group's housing offers, which is also reflected in the supervision reports from the social supervision.

The Group does not carry out any systematized research, but continuous adaptation is carried outand development of the Group's concepts within the Group's main activities.

Environment

The Group is environmentally conscious and works continuously to minimize the environmental impact from operating activities.

The Group's vehicles comply with Euronorm6. When replacing vehicles, the appropriateness of hybrid or electric vehicles is assessed.

When refurbishing premises, environmental impact is part of the decision basis for choosing energy sources. In addition to traditional energy sources, we use geothermal heat.

We continuously work with IT support in everyday life, including reducing paper and toner consumption.

The areas listed above make up a smaller share of the total cost base. The risk in this regard is very small, which is why there is no specific policy within this area.

Management's Review

Anti-corruption and bribery

We have zero tolerance for corruption and bribery.

We cooperate with public authorities and neither offer nor receive any form of bribery in that regard. We are subject to several supervisory agencies and transparency is therefore an important part of the way we work.

As our clients are all public and we only operate in Denmark, which is one of the less corrupt countries in the world, this area does not constitute a significant risk in our business. We therefore have no specific policy within this area.

Statement of corporate social responsibility

We consider it a human right that everyone should have equal rights.

As all the Group's activities are in Denmark, which we consider to be a regulated market, this area does not constitute a significant risk in our business. We therefore have no specific policy within this area.

Statement on gender composition

It will remain the policy for the Group to work for equal rights and opportunities for male and female employees.

The Board of Directors consist of 6 males. The Board of Directors has a goal that by 2028 there must be at least one female representative on the board. This objective has not yet been raised as the Board of Directors has not found it appropriate to make a change in the Board of Directors.

In the operating subsidiaries, the composition of the Board of Directors is 1/3 female and 2/3 male, which composition we find satisfying.

The distribution between male and female in the Group in 2021 is 57% male and 43% female, which is a satisfactory distribution.

Subsequent events

As a result of the COVID-19 pandemic, the Group has experienced increased sickness absence in the period Januar to March 2022.

Income Statement 18 June - 31 December

	Note	Group 2021 TDKK	Parent Company 2021 TDKK
Revenue		**175.527**	**0**
Other operating income		32	0
Other external expenses		-16.946	-69
Gross profit/loss		**158.613**	**-69**
Staff expenses	1	-139.792	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-18.727	0
Profit/loss before financial income and expenses		**94**	**-69**
Financial expenses	2	-11.235	0
Profit/loss before tax		**-11.141**	**-69**
Tax on profit/loss for the year	3	-650	15
Net profit/loss for the year		**-11.791**	**-54**

Distribution of profit

Proposed distribution of profit

Retained earnings	-11.791	-54
	-11.791	**-54**

Balance Sheet 31 December

Assets

	Note	Group 2021 TDKK	Parent Company 2021 TDKK
Concepts		1.924	0
Customer relations		238.875	0
Goodwill		289.542	0
Intangible assets	4	**530.341**	**0**
Land and buildings		129.394	0
Other fixtures and fittings, tools and equipment		6.612	0
Leasehold improvements		833	0
Property, plant and equipment	5	**136.839**	**0**
Investments in subsidiaries	6	0	320.655
Deposits	7	1.449	0
Fixed asset investments		**1.449**	**320.655**
Fixed assets		**668.629**	**320.655**
Other receivables		1.836	0
Deferred tax asset	8	0	15
Prepayments		2.871	0
Receivables		**4.707**	**15**
Cash at bank and in hand		**29.990**	**9**
Currents assets		**34.697**	**24**
Assets		**703.326**	**320.679**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021 TDKK	Parent Company 2021 TDKK
Share capital		2.000	2.000
Retained earnings		306.864	318.601
Equity		**308.864**	**320.601**
Provision for deferred tax	8	51.176	0
Provisions		**51.176**	**0**
Credit institutions		266.631	0
Long-term debt	9	**266.631**	**0**
Trade payables		7.335	69
Payables to group enterprises		0	10
Corporation tax		4.257	0
Other payables		38.656	0
Deferred income		26.407	-1
Short-term debt		**76.655**	**78**
Debt		**343.286**	**78**
Liabilities and equity		**703.326**	**320.679**

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Statement of Changes in Equity

Group

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 18 June	0	0	0
Cash payment concerning formation of entity	40	0	40
Cash capital increase	1.960	318.655	320.615
Net profit/loss for the year	0	-11.791	-11.791
Equity at 31 December	**2.000**	**306.864**	**308.864**

Parent Company

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 18 June	0	0	0
Cash payment concerning formation of entity	40	0	40
Cash capital increase	1.960	318.655	320.615
Net profit/loss for the year	0	-54	-54
Equity at 31 December	**2.000**	**318.601**	**320.601**

Cash Flow Statement 18 June - 31 December

	Note	Group 2021 TDKK
Net profit/loss for the year		-11.791
Adjustments	10	21.037
Change in working capital	11	3.609
Cash flows from operating activities before financial income and expenses		**12.855**
Financial expenses		-11.235
Cash flows from ordinary activities		**1.620**
Corporation tax paid		3.113
Cash flows from operating activities		**4.733**
Purchase of property, plant and equipment		-15.678
Business acquisition		-503.645
Cash flows from investing activities		**-519.323**
Repayment of mortgage loans		-42.706
Borrowing and Repayment of loans from credit institutions		266.631
Cash capital increase		320.655
Cash flows from financing activities		**544.580**
Change in cash and cash equivalents		**29.990**
Cash and cash equivalents at 18 June		0
Cash and cash equivalents at 31 December		**29.990**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		29.990
Cash and cash equivalents at 31 December		**29.990**

Notes to the Financial Statements

		Group	Parent Company
		2021	2021
		TDKK	TDKK
1	**Staff expenses**		
	Wages and salaries	125.327	0
	Pensions	11.967	0
	Other social security expenses	2.498	0
		139.792	**0**
	Including remuneration to the Executive Board and Board of Directors of:		
	Executive Board	5.454	0
	Supervisory Board	60	0
		5.514	**0**
	Average number of employees	**506**	**0**
2	**Financial expenses**		
	Other financial expenses	11.235	0
		11.235	**0**
3	**Tax on profit/loss for the year**		
	Current tax for the year	2.069	0
	Deferred tax for the year	-1.419	-15
		650	**-15**

Notes to the Financial Statements

4 Intangible assets

Group

	Concepts	Customer relations	Goodwill
	TDKK	TDKK	TDKK
Cost at 18 June	0	0	0
Net effect from merger and acquisition	2.035	245.000	296.966
Cost at 31 December	2.035	245.000	296.966
Amortisation for the year	111	6.125	7.424
Impairment losses and amortisation at 31 December	111	6.125	7.424
Carrying amount at 31 December	**1.924**	**238.875**	**289.542**

5 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 18 June	0	0	0
Net effect from merger and acquisition	120.117	4.967	1.143
Additions for the year	12.949	2.729	0
Cost at 31 December	133.066	7.696	1.143
Depreciation for the year	3.672	1.084	310
Impairment losses and depreciation at 31 December	3.672	1.084	310
Carrying amount at 31 December	**129.394**	**6.612**	**833**

Notes to the Financial Statements

		Parent Company
		2021
		TDKK
6	**Investments in subsidiaries**	
	Cost at 18 June	0
	Additions for the year	320.655
	Carrying amount at 31 December	**320.655**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Alpha BidCo ApS	Brøndby	40.000	100%	308.735.038	-11.920.245
Habitus Holding ApS	Brøndby	80.000	100%	2.529.061	1.888.020
Habitus Bolig ApS	Brøndby	110.000	100%	-1.161.886	-140.791
HabitusHusene Vestegnen ApS	Brøndby	80.000	100%	5.138.602	2.273.948
HabitusHuset Jernstøbervænget ApS	Køge	125.000	100%	3.060.418	2.239.122
HabitusHuset Kæderupvej ApS	Gribskov	50.000	100%	15.346.524	4.414.602
HabitusHuset Ny Mårumsvej ApS	Gribskov	133.333	100%	8.706.253	2.613.898
HabitusHuset Gødstrup ApS	Brøndby	40000	100%	-1.010.129	-1.050.129
Habitushusene Nordjylland ApS	Thisted	50.000	100%	14.612.950	5.119.621
Habitushuset Drachmannsvej ApS	Brøndby	50.000	100%	4.056.336	1.916.606
HabitusHuset Sølyst ApS	Faxe	50.000	100%	620.865	1.330.665
HabitusHuset Skellebjerg ApS	Brøndby	50.000	100%	-767.340	1.717.646
HabitusHuset Frederiksværksgade ApS	Hillerød	40.000	100%	-2.101.897	-656.677
HabitusHuset Nordahl ApS	Brøndby	80.000	100%	-540.516	-494.319
HabitusHusene Midtjylland ApS	Brøndby	50.000	100%	3.480.410	2.069.922

Notes to the Financial Statements

7 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 18 June	0
Additions for the year	1.449
Cost at 31 December	1.449
Carrying amount at 31 December	**1.449**

8 Provision for deferred tax

	Group	Parent Company
	2021	2021
	TDKK	TDKK
Intangible assets	51.176	0
Tax loss carry-forward	0	-15
Transferred to deferred tax asset	0	15
	51.176	**0**
Deferred tax asset		
Calculated tax asset	0	15
Carrying amount	**0**	**15**

9 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 Company
	2021	2021
	TDKK	TDKK
Credit institutions		
After 5 years	266.631	0
Long-term part	266.631	0
Within 1 year	0	0
	266.631	**0**

Notes to the Financial Statements

		Group
		2021
		TDKK
10	**Cash flow statement - adjustments**	
	Financial expenses	11.235
	Depreciation, amortisation and impairment losses, including losses and gains on sales	18.727
	Tax on profit/loss for the year	650
	Other adjustments	-9.575
		21.037
11	**Cash flow statement - change in working capital**	
	Change in receivables	26.591
	Change in trade payables, etc	-22.982
		3.609
12	**Cash flow statement - acquisition of subsidiaries**	
	Intangible assets	247.035.003
	Property, plant and equipment	126.226.731
	Other receivables	31.298.410
	Trade payables	-1.426.373
	Provision for deferred tax	-54.000.000
	Tax and other payables	-43.123.810
	Long debt	-42.706.387
	Net cash, at acquisition	20.341.981
	Deferred income	-56.624.819
	Goodwill	296.966.279
		523.987.015
	Net cash, at acquisition	-20.341.981
		503.645.034

Notes to the Financial Statements

	Group	Parent Company
	2021	2021
	TDKK	TDKK

13 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with an accounting value of:	129.394	0

Contingent liabilities

The Group has entered into rental contracts with up to 5 years' non-termination and a total payment of DKK 7.2 million.

The Group has entered into operational leasing agreements with a remaining term of 2 months to 51 months and a total benefit of a total of DKK 5 million, as well as a remaining term of 4 months to 11 months and a total payment of DKK 0.1 million.

The 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 . Moreover, the 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.

Notes to the Financial Statements

14 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

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

Apposite Healthcare III LLP
Apposite Healthcare CoInvestment II L.P.
Dreyer og Jepsen Holding af 12.10.2010 ApS

15 Fee to auditors appointed at the general meeting

	Group	Parent Company
	2021	2021
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	338	24
Other services	392	31
	730	**55**

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Alpha HoldCo ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large 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.

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, Alpha HoldCo 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

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

Income Statement

Revenue

Revenue from the sale of goods includes invoiced sales of services and subsistence payments that are recognized in the period to which it relates.

Notes to the Financial Statements

16 Accounting Policies (continued)

Other external expenses

Other external expenses comprise sales and distribution 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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Concepts acquired is measured at cost less accumulated amortisation. Concepts is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Customer relations acquired is measured at cost less accumulated amortisation. Customer relations is amortised on a straight-line basis over its useful life, which is assessed at 20 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:

Buildings	20	years
Other fixtures and fittings, tools and equipment	2-5	years
Leasehold improvements	5-10	years

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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.

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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

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

Deferred income

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

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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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