DanCenter A/S

Lyngbyvej 20
2100 København Ø

CVR no. 67 32 40 13

Annual report for the period 1 October 2015 – 31 December 2016

The annual report was presented and approved at the Company's annual general meeting on

31 May 2017

chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DanCenter A/S for the financial period 1 October 2015 – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial period 1 October 2015 – 31 December 2016 in accordance with the Danish Financial Statements Act.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the period and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 May 2017
Executive Board:

Steen Seitner	Kim Stengaard Holmsted	Asbjørn Nørgaard

Board of Directors:

Tobias Wann Chairman	Bodo Thorsten Thielmann	Christian Marcus Wandrey
Steen Seitner	Kim Stengaard Holmsted	

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Copenhagen, 31 May 2017
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Board of Directors:

Tobias Wann Chairman	Bodo Thorsten Thielmann	Christian Marcus Wandrey
Steen Seitner	Kim Stengaard Holmsted	

KPMG

Independent auditor's report

To the shareholder of DanCenter A/S

Opinion

We have audited the financial statements of DanCenter A/S for the financial period 1 October 2015 – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial period 1 October 2015 – 31 December 2016 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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

KPMG

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

Independent auditor's report

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Benny Lynge Sørensen
State Authorised
Public Accountant

Management's review

Company details

DanCenter A/S
Lyngbyvej 20
2100 København Ø

Telephone:	70130000
Website:	www.dancenter.dk

CVR no.:	67 32 40 13
Established:	6 May 1982
Registered office:	Copenhagen
Financial period:	1 October – 31 December

Board of Directors

Tobias Wann, Chairman
Bodo Thorsten Thielmann
Christian Marcus Wandrey
Steen Seitner
Kim Stengaard Holmsted

Executive Board

Steen Seitner
Kim Stengaard Holmsted
Asbjørn Nørgaard

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Annual general meeting

The annual general meeting will be held on 31 May 2017.

Management's review

Financial highlights

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
Key figures					
Revenue	361,289	283,247	272,073	253,092	262,852
Gross profit	154,388	130,430	119,274	111,714	120,650
Operating profit	34,869	38,655	27,531	23,244	31,233
Profit for the year	26,825	29,220	24,332	21,970	27,009
Total assets	219,399	149,405	152,806	134,542	156,070
Equity	40,886	44,511	39,210	36,882	39,155
Investment in property, plant and equipment	762	4,720	3,995	4,666	10,578
Gross margin	42.7%	46.0%	43.8%	44.1%	45.9%
Operating margin	9.7%	13.6%	10.1%	9.2%	11.9%
Return on equity	62.8%	69.8%	64.0%	57.8%	65.7%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

Operating margin $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Management's review

Operating review

Principal activities

The Company's principal activities comprise arranging rental of holiday accommodation in Scandinavia and, to a lesser extent, Germany.

DanCenter A/S is one of Denmark's leading intermediaries of holiday accommodation with approx. 10,000 holiday homes for rent in Denmark, Sweden, Norway and Germany, which makes the Company one of the largest intermediaries on a European scale.

DanCenter A/S has two main brands: DanCenter and Danland.

The DanCenter brand comprises more than 8,000 holiday homes, of which two thirds are located in Denmark and the remaining in Norway, Sweden and Germany. The holiday homes are privately owned holiday homes in the form of cottages.

The Danland brand comprises approx. 2,000 holiday homes that are all located in Denmark. The holiday homes are privately owned holiday flats located in holiday centres with varying shared facilities.

DanCenter A/S' focus areas are Denmark, Germany, the Netherlands, Norway and Sweden with Germany being the largest rental market.

The development in the current season looks promising.

Development in activities and financial position

In 2016, all shares in DanCenter's parent company, Land & Leisure A/S, were acquired by the Dutch company @Leisure Holding B.V. The company is one of the largest players in the European online market for rental of holiday accommodation and an indirect subsidiary of Axel Springer SE.

Risks

It is the objective of the Company that risks are continuously hedged and limited when possible. As an integrated part of Management's work, a number of internal control systems have been implemented to ensure effective risk management.

The day-to-day operations entail a number of business and financial risks. In the below section, which is not exhaustive or prioritised, we have described the risks affecting the Company.

Management's review

Operating review

Business risks

Operating risks
It is Management's assessment that, apart from the usual market risks, the Company has no significant operating risks.

Tax risks
The Company has operations in several markets and is thus subject to several countries' VAT rules and indirect taxes. Any changes to these rules and taxes may entail business risks, which the Company continuously seeks to minimise in cooperation with external advisers.

Litigation and disputes
The Company is involved in a few legal actions. These legal actions are not considered to pose any significant risk to the Company.

Interest rate risks
The interest rate risk is the risk that, due to interest rate fluctuations, the Company will incur additional costs. During the entire year, the Company's cash has been positive, and thus, the risk is considered to be limited to the interest yield thereof. The Company has a very small share of long-term, floating-rate interest-bearing debt that is not considered to pose any significant interest rate risk.

Credit risks
The primary credit risk of the Company is related to receivables from rental activities, etc. The major part of revenue, and thus receivables from rental activities, etc., is generated/recognised based on the payment term "payment before occupation". Thus, this is not subject to any significant credit risk.

Consequently, the Company does not have significant risks relating to individual private customers. For large business partners/travel agencies, the terms of payment of the industry is most often "payment after moving out", which means that the Company assumes credit risks in relation to the bookings.

Risk management of credit exposures includes monitoring and dunning every two weeks. Generally, the Company thus has no special risks but may incur losses if unforeseen circumstances at individual business partners/travel agencies suddenly arise making them unable to meet their liabilities.

Management's review

Operating review

Currency risks
The Company's business activities – primarily sales activities – exposes it to currency risks related to exchange rate fluctuations.

As the Company's presentation currency is Danish kroner, activities in foreign currencies entail a risk of adverse effects on results, cash flows and equity.

For significant commercial currency risks, it is company policy to hedge these risks by means of forward exchange contracts. Currency risks attributable to investments in foreign subsidiaries and branches are not hedged as these risks are not considered material.

Liquidity risks
Liquidity risk is the risk that the Company cannot meet its obligations as they fall due by not having sufficient cash resources.

The Company's objective is to have sufficient cash resources to continuously be able to make appropriate transactions in case of unforeseen changes in cash flows.
The objective is met by continuous cash management.

In connection with borrowing, etc., it is company policy to ensure maximum flexibility by diversification in terms of maturity and renegotiation taking pricing into consideration.

Strategy and objectives

Expected development
The growth in recent years is expected to continue with focus on development of product range and market conditions.

The Company has a strong position in the market for rental of holiday accommodation. It is a position that the Company believes can be strengthened further in the coming years, for instance by a strong partnership with @Leisure and continued focus on improving customers' holiday experiences and constantly developing the content and volume of the product range. Focus will still be on efficiency measures to ensure optimum use of resources and thus maintenance of the Company's competitive position.

Events after the balance sheet date

No events have occurred after the balance sheet date that may significantly affect the Company's financial position.

Environmental matters

The Company continuously considers environmental improvements in the daily operations and has, among other things, constructed several new low-energy buildings. However, the nature of the Company's operations does not entail strategic considerations in relation to environmental impact and improvement.

Management's review

Operating review

Description of foreign branches

To handle rental activities abroad, the Company has established branches in Germany and Sweden under the following names:

- DanCenter A/S Niederlassung, Deutschland
- Västkustbokningen, Svensk filial til DanCenter A/S, Danmark.

Financial statements 1 October – 31 December

Income statement

DKK'000	Note	1 October 2015 – 31 December 2016	1 October 2014 - 30 September 2015
Revenue	2	361,289	283,247
Other operating income		75	4
Other external costs		-206,976	-152,821
Gross profit		154,388	130,430
Staff costs	3	-116,965	-89,780
Depreciation, amortisation and impairment losses	4	-2,551	-1,983
Ordinary operating profit		34,872	38,667
Other operating costs		-3	-12
Operating profit		34,869	38,655
Financial income from group entities		888	1,022
Financial income	5	212	1,197
Financial expenses	6	-1,551	-2,937
Profit before tax		34,418	37,937
Tax on profit/loss for the year	7	-7,593	-8,717
Profit for the year	8	26,825	29,220

Financial statements 1 October – 31 December

Balance sheet

DKK'000	Note	31 December 2016	30 September 2015
ASSETS			
Fixed assets			
Intangible assets	9		
Contractual rights		0	1
Goodwill		3,110	3,929
Software		0	0
		3,110	3,930
Property, plant and equipment	10		
Land and buildings		22,873	23,367
Fixtures and fittings, tools and equipment		919	1,229
Leasehold improvements		2,943	3,236
		26,735	27,832
Investments	11		
Equity investments in group entities		16,408	15,930
Other securities and equity investments		0	623
Receivables (non-current)		0	271
Deposits		525	476
Deferred tax asset		274	807
		17,207	18,107
Total fixed assets		47,052	49,869
Current assets			
Receivables			
Trade receivables		115,279	55,460
Receivables from group entities		53,600	0
Other receivables		1,015	309
Corporation tax		0	76
Prepayments		1,077	1,970
		170,971	57,815
Cash at bank and in hand		1,376	41,721
Total current assets		172,347	99,536
TOTAL ASSETS		219,399	149,405

Financial statements 1 October – 31 December

Balance sheet

DKK'000	Note	31 December 2016	30 September 2015
EQUITY AND LIABILITIES			
Equity	11		
Share capital		11,000	11,000
Revaluation reserve		209	83
Reserve for net revaluation under equity method		3,175	2,696
Proposed dividends for the year		26,502	30,732
Total equity		40,886	44,511
Provisions			
Provisions for deferred tax		314	1,149
Total provisions		314	1,149
Liabilities other than provisions			
Non-current liabilities other than provisions	12		
Mortgage loans		1,218	1,561
Trade payables		0	1,430
		1,218	2,991
Current liabilities other than provisions			
Current portion of non-current liabilities	12	272	269
Banks, current liabilities		0	68
Trade payables		119,627	71,643
Payables to group entities		29,301	8,693
Joint taxation		7,013	5,679
Other payables	13	20,768	14,402
		176,981	100,754
Total liabilities other than provisions		178,199	103,745
TOTAL EQUITY AND LIABILITIES		219,399	149,405

Contractual obligations, contingencies, etc.	15
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Statement of changes in equity

DKK'000	Share capital	Revaluation reserve	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 October 2015	11,000	83	2,696	0	30,732	44,511
Distributed dividends	0	0	0	0	-30,732	-30,732
Foreign exchange adjustment, foreign subsidiary	0	126	-10	0	0	116
Value adjustment of hedging instruments at year end	0	0	0	166	0	166
Profit/loss for the year	0	0	489	-166	26,502	26,825
Equity at 31 December 2016	11,000	209	3,175	0	26,502	40,886

Financial statements 1 October – 31 December

Notes

1 Accounting policies

The annual report of DanCenter A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class C medium-sized under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, write-down relating to goodwill is not reversed. In accordance with the transitional provisions applying to the Act, the reversal of write-downs already made before the Act came into effect is not changed.

— Going forward, the residual value of intangible assets and property, plant and equipment will be reassessed on an ongoing basis. Pursuant to the transitional provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

DanCenter A/S has changed their financial year from 1 October - 30 September to 1 January - 31 December. This change is related to the change in group organisation as an effect of this the financial year for the current year will be 1 October 2015 to 31 December 2016.

Minor reclassifications to the comparison figures has been incorporated in the financials statements.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of DanCenter A/S and group entities are included in the consolidated financial statements of Axel Springer SE.

The consolidated financial statements can be obtained at the following address:

Axel Springer SE
Axel-Springer-Strasse 65
10888 Berlin
Germany.

Financial statements 1 October – 31 December

Notes

1 **Accounting policies (continued)**

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Axel Springer SE.

Change in accounting estimates

Up to now, revenue from agency commission and insurance has been recognised in accordance with the method of recognising income as invoiced. Revenue has been recognised at the time of invoicing, which has been identical to the time of order. Due to the change of the Company's balance sheet date from 30 September to 31 December, it is assessed that revenue from agency commission and insurance should still be recognised in accordance with the method of recognising income as invoiced but taking into consideration that the first payment on account for the booking must be made before recognition takes place. Due to seasonal fluctuations in bookings up to the balance sheet dates, it is considered appropriate to base recognition of revenue on the date of the first payment. This is due to the fact that, at 31 December, there are numerous open bookings where the first instalment has not yet fallen due and therefore has not been paid, and thus, there is an increased risk of cancellation, in case of which the Company does not acquire the right to revenue.

This has resulted in a reduction of revenue for 2015/16 of DKK 3,755 thousand. Comparative figures have not been restated.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Assets in the segment comprise assets used directly in revenue-generating activities.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference

Financial statements 1 October – 31 December

Notes

1 Accounting policies (continued)

between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging

Financial statements 1 October – 31 December

Notes

1 **Accounting policies (continued)**

instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in independent foreign subsidiaries or associates are recognised directly in equity; see above.

Income statement

Revenue

Revenue includes agency commission and additional services such as sale of insurance, clearing, linen, etc.

Revenue from vacation rental management activities are measured at the rental income received or receivable less relating accommodation fees payable. Revenue is recognised in the income statement when the rental commitment has been established, and the first instalment has been received, net of a provision for expected cancellations.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

The Company is not liable for cancelled leases to houseowners and it should also be noted that the Company solely receives commission from the amount settled with the houseowner. In case of cancellation, a fee is received from customers instead.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 October – 31 December

Notes

1 Accounting policies (continued)

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

DanCenter A/S and the subsidiary DanCenter EDB-Service ApS are jointly taxed with the parent company Land & Leisure A/S and other Danish Group entities.

Current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income, full absorption with refunds regarding tax losses.

The expected corporation tax on the taxable income for the year is charged to the income statement together with adjustments of corporation tax regarding previous years and changes for the year to the deferred tax provision.

Financial statements 1 October – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 20 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Software

Software is recognised when certain criteria have been met and is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis based on an economic life of 5 years.

Contractual rights

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

The depreciable amount, which is calculated as cost less any projected residual

Financial statements 1 October – 31 December

Notes

1 Accounting policies (continued)

values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	50 years
Fixtures and fittings, tools and equipment	5-7 years
Leasehold improvements	5-20 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Property, plant and equipment under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 October – 31 December

Notes

1 **Accounting policies (continued)**

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial assets held to maturity

On initial recognition, securities that are held to maturity are measured at fair value plus transaction costs related to the purchase. Subsequently, the securities are measured at amortised cost by using the effective interest method so that the difference between fair value plus directly attributable costs and the nominal amount is recognised in the income statement as financial income over the period until the date of maturity.

Equity investments in group entities

Equity investments in subsidiaries are measured and recognised in accordance with the equity method. This means that equity investments in the balance sheet are measured at the proportionate share of the entities' net asset value plus or minus unamortised positive and negative consolidated goodwill and plus or minus unrealised consolidated gains and losses.

The Company's share of the entities' profit/loss after elimination of unrealised intra-group gains and losses is recognised in the income statement less or plus amortisation of positive and negative consolidated goodwill.

Subsidiaries with negative net asset value are measured at nil, and any receivables from these entities are written down by the Company's share of the negative net asset value to the extent that they are considered irrecoverable. If the negative net asset value exceeds the receivable, the remaining amount is recognised in provisions to the extent that the Company has a legal or constructive obligation to cover the liabilities of the entity in question.

Net revaluation of equity investments in subsidiaries is transferred to the net revaluation reserve for equity investements to the extent that the carrying amount

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1 **Accounting policies (continued)**

exceeds cost.

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

The expected dividend payment for the year is disclosed as a separate item under equity.

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

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2 Revenue

DKK'000	1 October 2015 – 31 December 2016	1 October 2014 - 30 September 2015
Germany	203,095	140,450
Denmark and other countries	158,194	142,797
	361,289	283,247

3 Staff costs

Wages and salaries	110,641	85,247
Pensions	620	449
Other social security costs	4,158	3,195
Other staff cost	3,461	2,803
Public grants related to staff costs	-1,915	-1,914
	116,965	89,780
Average number of full-time employees	239	242

Staff costs of the Company include remuneration of the Executive Board of DKK 5,735 thousand (2014/15: DKK 4,492 thousand).

4 Depreciation, amortisation and impairment losses

Intangible assets	862	750
Property, plant and equipment	1,689	1,233
	2,551	1,983

Depreciation and amortisation are recognised as follows:

Contractual rights	43	176
Goodwill	819	574
Buildings	607	426
Fixtures and fitting tools and equipment	558	387
Leasehold improvements	524	420
	2,551	1,983

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5 Financial income

DKK'000	1 October 2015 – 31 December 2016	1 October 2014 - 30 September 2015
Interest income	70	58
Interest from group entities	79	724
Amortisation of securities	0	1
Other interest income	63	414
	212	1,197

6 Financial expenses

Interest expense	125	161
Interest expense to group entities	1,188	519
Capital loss on forward contracts	238	2,257
	1,551	2,937

7 Tax on profit/loss for the year

Current tax for the year	6,737	8,669
Adjustment of deferred tax for the year	644	222
Adjustment of tax, prior years	212	-174
	7,593	8,717

8 Proposed profit appropriation

DKK'000	1 October 2015 – 31 December 2016	1 October 2014 - 30 September 2015
Proposed dividend for the financial period	26,502	30,732
Net revaluation reserve according to the equity method	489	-1,678
Retained earnings	-166	166
	26,825	29,220

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9 Intangible assets

DKK'000	Contractual rights	Goodwill	Software	Total
Cost at 1 October	6,812	18,239	3,521	28,572
Additions	42	0	0	42
Cost at 31 December 2016	6,854	18,239	3,521	28,614
Amortisation and impairment losses at 1 October 2015	-6,811	-14,310	-3,521	-24,642
Additions	-43	-819	0	-862
Amortisation and impairment losses at 31 December 2016	-6,854	-15,129	-3,521	-25,504
Carrying amount at 31 December 2016	0	3,110	0	3,110

10 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 October 2015	27,642	4,315	5,756	37,713
Additions	238	263	261	762
Disposals	-202	-42	-54	-298
Cost at 31 December 2016	27,678	4,536	5,963	38,177
Depreciation and impairment losses at 1 October 2015	-4,275	-3,086	-2,520	-9,881
Depreciation	-607	-558	-524	-1,689
Disposals	77	27	24	128
Depreciation and impairment losses at 31 December 2016	-4,805	-3,617	-3,020	-11,442
Carrying amount at 31 December 2016	22,873	919	2,943	26,735

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11 Investments

DKK'000	Equity investments in group entities
Cost at 1 October 2015	13,234
Additions	0
Cost at 31 December 2016	13,234
Value adjustments at 1 October 2016	2,696
Exchange rate adjustments	-10
Profit for the year	889
Dividend received	-400
	3,175
Value as of 31 December 2016	16,408

Name/legal form	Registered office	Equity interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
DanCenter EDB-service ApS	Copenhagen	100 %	13,176	458
DanCenter GmBH	Hamburg, Germany	100 %	3,232	431
			16,408	889

12 Equity

The share capital consists of 11,000 shares of a nominal value of DKK 1,000 each.

The shares are divided in A-shares and B-shares of respectively 5,000 and 6,000.

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13 Liabilities other than provisions

DKK'000	31 December 2016	Due within a year	Due in 1-5 years	Due after 5 years
Mortgage loans	1,490	272	1,098	120
	1,490	272	1,098	120

14 Other payables

DKK'000	1 October 2015 – 31 December 2016	1 October 2014 - 30 September 2015
VAT payable	1,531	456
Salary-related payables	972	2,921
Holiday accrual	8,572	7,467
Other payables	9,693	3,558
	20,768	14,402

15 Contractual obligations, contingencies, etc.

The Company has several liability for tax on the Group's jointly taxed income and any tax withheld at source.

DKK'000	1 October 2015 – 31 December 2016	1 October 2014 - 30 September 2015
Rent and lease obligations		
Due within a year	6,363	6,019
Due between one to five years	5,017	4,119
Due above five years	272	0
	11,652	10,138

Contractual liabilities comprise rent, car leases and lease of other operating equipment.

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16 Mortgages and collateral

Mortgage debt is secured on mortgage on properties. The carrying amount of mortgaged properties amounts to DKK 4,175 thousand (2014/15: DKK 4,306 thousand).

Assets pledged as security for the rent deposit to Datea A/S amount to DKK 948 thousand (2014/15: DKK 928 thousand) and are recognised as financial assets held to maturity as well as cash.

The Company has provided a guarantee to Reise Garant amounting to DKK 2,230 thousand at 31 December 2016 (30 September 2015: DKK 2,233 thousand).

17 Related party disclosures

DanCenter A/S' related parties comprise the following:

Control

Land & Leisure A/S holds the majority of the share capital in the Company.

Dancenter A/S is part of the consolidated financial statements of Axel Springer SE, Berlin, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Axel Springer SE can be obtained by contacting the Company.

Related party transactions

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

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Ownership

The following shareholder is registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Land & Leisure A/S
Lyngbyvej 20
2100 København Ø
Denmark