# *Danoffice IT ApS*

Englandsvej 14, DK-5700 Svendborg

# Annual Report for 1 January - 31 December 2018

CVR No 21 37 07 38

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28/3 2019

Kevin Kristoffer Ehnhuus Iermiin
Chairman of the General Meeting

# Contents

# Management's Statement

The Executive Board has today considered and adopted the Annual Report of Danoffice IT ApS for the financial year 1 January - 31 December 2018.

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 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

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

Svendborg, 28 March 2019

**Executive Board**

| | |
|---|---|
| Lars Baun Jensen<br>CEO | Allan Malmos Jeppesen<br>CFO |

# Independent Auditor's Report

To the Shareholder of Danoffice IT 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 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Danoffice IT ApS for the financial year 1 January - 31 December 2018, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement on Management's Review**
Management is responsible for Management's Review.

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

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

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

Odense, 28 March 2019
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

| | |
|---|---|
| Line Hedam<br>State Authorised Public Accountant<br>mne27768 | Bo Damgaard Hansen<br>State Authorised Public Accountant<br>mne34543 |

# Company Information

| | |
|---|---|
| **The Company** | Danoffice IT ApS<br>Englandsvej 14<br>DK-5700 Svendborg<br><br>CVR No: 21 37 07 38<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Svendborg |
| **Executive Board** | Lars Baun Jensen<br>Allan Malmos Jeppesen |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Rytterkasernen 21<br>DK-5000 Odense C |

# Financial Highlights

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

| | Group | | | | |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Revenue | 650,554 | 600,428 | 499,713 | 690,465 | 436,779 |
| Operating profit/loss | 35,557 | 40,529 | 41,957 | 45,238 | 7,884 |
| Profit/loss before financial income and expenses | 35,557 | 40,496 | 40,221 | 44,123 | 7,222 |
| Net financials | 3,885 | -11,658 | 2,787 | 4,828 | 5,001 |
| Net profit/loss for the year | 29,733 | 21,812 | 32,279 | 36,167 | 12,926 |
| **Balance sheet** | | | | | |
| Balance sheet total | 264,663 | 248,355 | 190,649 | 190,048 | 176,921 |
| Equity | 96,500 | 68,231 | 67,858 | 62,107 | 60,418 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 120,178 | 4,691 | 13,322 | 11,183 | 8,566 |
| - investing activities | -917 | -1,356 | -2,467 | -3,276 | -1,101 |
| including investment in property, plant and equipment | -448 | -1,020 | -135 | -3,283 | -2,028 |
| - financing activities | -16,539 | 22,862 | -30,397 | -29,694 | -18,337 |
| Change in cash and cash equivalents for the year | 102,722 | 26,197 | -19,542 | -21,787 | -10,872 |
| Number of employees | 61 | 59 | 60 | 63 | 69 |
| **Ratios** | | | | | |
| Gross margin | 10.8% | 12.5% | 15.7% | 11.0% | 9.4% |
| Profit margin | 5.5% | 6.7% | 8.0% | 6.4% | 1.7% |
| Return on assets | 13.4% | 16.3% | 21.1% | 23.2% | 4.1% |
| Solvency ratio | 36.5% | 27.5% | 35.6% | 32.7% | 34.1% |
| Return on equity | 36.1% | 32.1% | 49.7% | 59.0% | 20.2% |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

# Management's Review

### Key activities

The Group's principal activities comprise of providing IT infrastructure and other high-technology solutions to international institutions and international B2B customers.

### Market overview

### Development in activities and financial matters

Danoffice IT's revenues increased by 8,3% to 650.554 thousand in 2018 (2017: DKK 600.428 thousand). The growth primarily derives from increasing sales within the groups established markets.

In 2018, Danoffice IT Group realized a profit of DKK 29.733 thousand (2017:DKK 21.812 thousand), which is line with management's expectations.

Adjusted for non-recurring costs according to group policy, the 2018 EBITDA is TDKK 43.051.

At 31 December 2018 the Equity amounts to DKK 96.500 thousand compared to an equity of DKK 68.231 thousand 31 December 2017.

### Outlook

The company expects a positive development in 2019 and a profit level above the level achieved in 2018.

### Risks

#### *Currency risks*

The majority of the Group's sales are invoiced in USD. The goods sold in USD are, however, also purchased in USD resulting in a natural hedge to some extent. The Group does currently not hedge the resulting net exposure arising from the sales being higher than the purchases and the different payment terms for sales and purchases in USD.

#### *Trade receivables*

The Group is exposed to credit risk from the sale of goods. The majority of the Group's trade receivables are vs. UN organizations, NGO's and large corporate organizations. UN is funded by national states and the credit risk is therefore considered very limited. The remaining trade receivable arise from sale to various corporates and IGO's.

# Management's Review

## Corporate Social Responsibility

The Group's polices, actions and results concerning human rights, labour, environment and anti-bribe are described in our Communication on progress reports which is submitted to UN's Global Compact and is available at the company web site www.danofficeit.com under www.danofficeit.com/corporate-information/corporate-responsibility.aspx

## Goal and policies regarding gender quotation

The Group has no Board of Directors and the Executive Board consists of 2 members. The two members of the Executive Board are both males.

In the day-to-day Management of the Group, 25% are female and 75% are male. The Group has implemented a policy to have continues focus on the underrepresented gender in the management.

It is our policy, that the underrepresented gender should represent 50% of the Group's total members of the Executive Board and Day-to-day business management.

To balance the gender, the Group strive at having minimum one of each gender represented among the last three candidates in the hiring process.

According to the latest guidance from the Danish Business Authority, we consider that we have achieved equal distribution in top management, as our Executive Board consists of two persons only.

*Research and development*

The Group does not have any research and development activities.

*Environment*

The Group strives to respect the environment to fulfil the legal requirements at any time.

## Events after the balance sheet date

No events have occurred after the balance sheet date affecting considerably the 2018 annual report.

# Income Statement 1 January - 31 December

| | Note | Group 2018 TDKK | Group 2017 TDKK | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|---|---|---|
| **Revenue** | 1 | **650,554** | **600,428** | **579,187** | **498,783** |
| Other operating income | | 0 | 61 | 0 | 61 |
| Expenses for raw materials and consumables | | -551,358 | -510,349 | -489,160 | -424,235 |
| Other external expenses | | -28,873 | -14,913 | -25,967 | -3,581 |
| **Gross profit/loss** | | **70,323** | **75,227** | **64,060** | **71,028** |
| Staff expenses | 2 | -32,990 | -33,210 | -29,552 | -28,498 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 3 | -1,776 | -1,427 | -1,581 | -685 |
| Other operating expenses | | 0 | -94 | 0 | -37 |
| **Profit/loss before financial income and expenses** | | **35,557** | **40,496** | **32,927** | **41,808** |
| Income from investments in subsidiaries | | 0 | 0 | -317 | -2,393 |
| Financial income | 4 | 7,325 | 141 | 9,160 | 665 |
| Financial expenses | 5 | -3,440 | -11,799 | -3,390 | -11,408 |
| **Profit/loss before tax** | | **39,442** | **28,838** | **38,380** | **28,672** |
| Tax on profit/loss for the year | 6 | -9,709 | -7,026 | -8,647 | -6,860 |
| **Net profit/loss for the year** | | **29,733** | **21,812** | **29,733** | **21,812** |

# Balance Sheet 31 December

## Assets

| | Note | Group 2018 | Group 2017 | Parent 2018 | Parent 2017 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Software | | 4,308 | 4,960 | 4,308 | 4,960 |
| **Intangible assets** | 7 | **4,308** | **4,960** | **4,308** | **4,960** |
| Other fixtures and fittings, tools and equipment | | 876 | 1,075 | 809 | 821 |
| **Property, plant and equipment** | 8 | **876** | **1,075** | **809** | **821** |
| Investments in subsidiaries | 9 | 0 | 0 | 4,000 | 3,053 |
| **Fixed asset investments** | | **0** | **0** | **4,000** | **3,053** |
| **Fixed assets** | | **5,184** | **6,035** | **9,117** | **8,834** |
| **Inventories** | 10 | **51,938** | **71,315** | **51,472** | **65,837** |
| Trade receivables | | 82,676 | 140,996 | 62,441 | 100,946 |
| Receivables from group enterprises | | 0 | 0 | 5,277 | 28,747 |
| Other receivables | | 17,728 | 17,905 | 17,352 | 15,972 |
| Prepayments | 11 | 19 | 136 | 19 | 136 |
| **Receivables** | | **100,423** | **159,037** | **85,089** | **145,801** |
| **Cash at bank and in hand** | | **107,118** | **11,968** | **105,145** | **1,285** |
| **Currents assets** | | **259,479** | **242,320** | **241,706** | **212,923** |
| **Assets** | | **264,663** | **248,355** | **250,823** | **221,757** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | Group 2018 | Group 2017 | Parent 2018 | Parent 2017 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | | 250 | 250 | 250 | 250 |
| Retained earnings | | 96,250 | 67,981 | 96,250 | 67,981 |
| **Equity** | 12 | **96,500** | **68,231** | **96,500** | **68,231** |
| Provision for deferred tax | 14 | 1,584 | 730 | 956 | 1,156 |
| **Provisions** | | **1,584** | **730** | **956** | **1,156** |
| Payables to group enterprises | | 27,635 | 47,862 | 27,635 | 47,862 |
| **Long-term debt** | 15 | **27,635** | **47,862** | **27,635** | **47,862** |
| Credit institutions | | 0 | 7,572 | 0 | 7,572 |
| Trade payables | | 122,100 | 113,479 | 112,579 | 86,645 |
| Payables to group enterprises | 15 | 3,386 | 0 | 0 | 0 |
| Corporation tax | | 121 | 5,986 | 0 | 0 |
| Payables to group enterprises relating to corporation tax | | 8,788 | 842 | 8,788 | 6,752 |
| Other payables | | 4,549 | 3,653 | 4,365 | 3,539 |
| **Short-term debt** | | **138,944** | **131,532** | **125,732** | **104,508** |
| **Debt** | | **166,579** | **179,394** | **153,367** | **152,370** |
| **Liabilities and equity** | | **264,663** | **248,355** | **250,823** | **221,757** |

| | |
|---|---|
| Distribution of profit | 13 |
| Contingent assets, liabilities and other financial obligations | 18 |
| Related parties | 19 |
| Fee to auditors appointed at the general meeting | 20 |
| Accounting Policies | 21 |

# Statement of Changes in Equity

**Group**

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Equity at 1 January | 250 | 67,981 | 68,231 |
| Exchange adjustments relating to foreign entities | 0 | -1,464 | -1,464 |
| Net profit/loss for the year | 0 | 29,733 | 29,733 |
| **Equity at 31 December** | **250** | **96,250** | **96,500** |

**Parent**

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| Equity at 1 January | 250 | 67,981 | 68,231 |
| Exchange adjustments relating to foreign entities | 0 | -1,464 | -1,464 |
| Net profit/loss for the year | 0 | 29,733 | 29,733 |
| **Equity at 31 December** | **250** | **96,250** | **96,500** |

# Cash Flow Statement 1 January - 31 December

| | Note | Group 2018 | Group 2017 |
|---|---|---|---|
| | | TDKK | TDKK |
| Net profit/loss for the year | | 29,733 | 21,812 |
| Adjustments | 16 | 7,600 | 20,050 |
| Change in working capital | 17 | 86,177 | -25,179 |
| **Cash flows from operating activities before financial income and expenses** | | **123,510** | **16,683** |
| Financial income | | 7,324 | 140 |
| Financial expenses | | -3,440 | -11,799 |
| **Cash flows from ordinary activities** | | **127,394** | **5,024** |
| Corporation tax paid | | -7,216 | -333 |
| **Cash flows from operating activities** | | **120,178** | **4,691** |
| Purchase of intangible assets | | -469 | -928 |
| Purchase of property, plant and equipment | | -448 | -1,020 |
| Sale of property, plant and equipment | | 0 | 592 |
| **Cash flows from investing activities** | | **-917** | **-1,356** |
| Repayment of payables to group enterprises | | -16,539 | 0 |
| Raising of loans from group enterprises | | 0 | 47,862 |
| Dividend paid | | 0 | -25,000 |
| **Cash flows from financing activities** | | **-16,539** | **22,862** |
| **Change in cash and cash equivalents** | | **102,722** | **26,197** |
| Cash and cash equivalents at 1 January | | 4,396 | -21,801 |
| **Cash and cash equivalents at 31 December** | | **107,118** | **4,396** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 107,118 | 11,968 |
| Overdraft facility | | 0 | -7,572 |
| **Cash and cash equivalents at 31 December** | | **107,118** | **4,396** |

# Notes to the Financial Statements

## 1 Revenue

The group has only one segment.

## 2 Staff expenses

| | Group 2018 TDKK | Group 2017 TDKK | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|---|---|
| Wages and salaries | 29,204 | 29,469 | 26,343 | 25,402 |
| Pensions | 1,601 | 1,468 | 1,585 | 1,468 |
| Other social security expenses | 519 | 354 | 347 | 354 |
| Other staff expenses | 1,666 | 1,919 | 1,277 | 1,274 |
| | **32,990** | **33,210** | **29,552** | **28,498** |
| Including remuneration of: | | | | |
| Executive Board | 4,119 | 2,333 | 4,119 | 2,333 |
| | **4,119** | **2,333** | **4,119** | **2,333** |
| **Average number of employees** | **61** | **59** | **56** | **55** |

## 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

| | Group 2018 TDKK | Group 2017 TDKK | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|---|---|
| Amortisation of intangible assets | 1,121 | 550 | 1,121 | 550 |
| Depreciation of property, plant and equipment | 655 | 877 | 460 | 135 |
| | **1,776** | **1,427** | **1,581** | **685** |

# Notes to the Financial Statements

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | | TDKK | TDKK | TDKK | TDKK |
| 4 | **Financial income** | | | | |
| | Interest received from group enterprises | 0 | 0 | 1,816 | 559 |
| | Other financial income | 165 | 36 | 160 | 2 |
| | Exchange adjustments | 7,160 | 105 | 7,184 | 104 |
| | | **7,325** | **141** | **9,160** | **665** |
| 5 | **Financial expenses** | | | | |
| | Interest paid to group enterprises | 1,309 | 239 | 1,313 | 247 |
| | Other financial expenses | 2,131 | 650 | 2,077 | 608 |
| | Exchange adjustments, expenses | 0 | 10,910 | 0 | 10,553 |
| | | **3,440** | **11,799** | **3,390** | **11,408** |
| 6 | **Tax on profit/loss for the year** | | | | |
| | Current tax for the year | 8,796 | 6,828 | 8,788 | 6,752 |
| | Deferred tax for the year | 854 | 198 | -200 | 108 |
| | Adjustment of tax concerning previous years | 59 | 0 | 59 | 0 |
| | | **9,709** | **7,026** | **8,647** | **6,860** |

# Notes to the Financial Statements

## 7 Intangible assets

**Group**

| | Software |
|---|---|
| | TDKK |
| Cost at 1 January | 5,510 |
| Additions for the year | 469 |
| Cost at 31 December | 5,979 |
| Impairment losses and amortisation at 1 January | 550 |
| Amortisation for the year | 1,121 |
| Impairment losses and amortisation at 31 December | 1,671 |
| **Carrying amount at 31 December** | **4,308** |

**Parent**

| | Software |
|---|---|
| | TDKK |
| Cost at 1 January | 5,510 |
| Additions for the year | 469 |
| Cost at 31 December | 5,979 |
| Impairment losses and amortisation at 1 January | 550 |
| Amortisation for the year | 1,121 |
| Impairment losses and amortisation at 31 December | 1,671 |
| **Carrying amount at 31 December** | **4,308** |

# Notes to the Financial Statements

## 8 Property, plant and equipment

**Group**

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Cost at 1 January | 4,728 |
| Additions for the year | 478 |
| Disposals for the year | -22 |
| Cost at 31 December | 5,184 |
| Impairment losses and depreciation at 1 January | 3,653 |
| Depreciation for the year | 655 |
| Impairment losses and depreciation at 31 December | 4,308 |
| **Carrying amount at 31 December** | **876** |

**Parent**

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TDKK |
| Cost at 1 January | 1,569 |
| Additions for the year | 470 |
| Disposals for the year | -22 |
| Kostpris at 31 December | 2,017 |
| Impairment losses and depreciation at 1 January | 748 |
| Depreciation for the year | 460 |
| Impairment losses and depreciation at 31 December | 1,208 |
| **Carrying amount at 31 December** | **809** |

# Notes to the Financial Statements

## 9 Investments in subsidiaries

| | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|
| Cost at 1 January | 764 | 6,187 |
| Exchange adjustment | 35 | 814 |
| Disposals for the year | -133 | -6,237 |
| Cost at 31 December | 666 | 764 |
| Value adjustments at 1 January | -32,445 | -42,576 |
| Disposals for the year | 10 | 9,281 |
| Exchange adjustment | -1,495 | 2,746 |
| Net profit/loss for the year | -317 | -1,896 |
| Value adjustments at 31 December | -34,247 | -32,445 |
| Equity investments with negative net asset value amortised over receivables | 37,581 | 34,734 |
| **Carrying amount at 31 December** | **4,000** | **3,053** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Share capital | Votes and ownership |
|---|---|---|---|
| Danoffice Inc. | Silver Spring, Maryland, USA | 1 | 100% |
| Danoffice IT SA | Rolle, Switzerland | 692 | 100% |
| Danoffice IT Inc. | Sterling, Virginia, USA | 1 | 100% |

# Notes to the Financial Statements

## 10 Inventories

| | Group 2018 TDKK | Group 2017 TDKK | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|---|---|
| Finished goods and goods for resale | 21,380 | 33,404 | 20,914 | 27,926 |
| Prepayments for goods | 30,558 | 37,911 | 30,558 | 37,911 |
| | **51,938** | **71,315** | **51,472** | **65,837** |

## 11 Prepayments

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

## 12 Equity

The share capital consists of 500 shares of a nominal value of TDKK 500. No shares carry any special rights.

## 13 Distribution of profit

| | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|
| Extraordinary dividend paid | 0 | 5,000 |
| Retained earnings | 29,733 | 16,812 |
| | **29,733** | **21,812** |

## 14 Provision for deferred tax

| | Group 2018 TDKK | Group 2017 TDKK | Parent 2018 TDKK | Parent 2017 TDKK |
|---|---|---|---|---|
| Provision for deferred tax at 1 January | 730 | 501 | 1,156 | 1,048 |
| Amounts recognised in the income statement for the year | 854 | 229 | -200 | 108 |
| **Provision for deferred tax at 31 December** | **1,584** | **730** | **956** | **1,156** |

# Notes to the Financial Statements

## 15 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 | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |
| **Payables to group enterprises** | | | | |
| Between 1 and 5 years | 27,635 | 47,862 | 27,635 | 47,862 |
| Long-term part | 27,635 | 47,862 | 27,635 | 47,862 |
| Other short-term debt to group enterprises | 3,386 | 0 | 0 | 0 |
| | **31,021** | **47,862** | **27,635** | **47,862** |

## 16 Cash flow statement - adjustments

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | TDKK | TDKK |
| Financial income | -7,325 | -141 |
| Financial expenses | 3,440 | 11,799 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 1,776 | 1,366 |
| Tax on profit/loss for the year | 9,709 | 7,026 |
| | **7,600** | **20,050** |

## 17 Cash flow statement - change in working capital

| | | |
|---|---|---|
| Change in inventories | 19,378 | -16,577 |
| Change in receivables | 58,380 | -30,960 |
| Change in trade payables, etc | 8,419 | 22,358 |
| | **86,177** | **-25,179** |

## 18 Contingent assets, liabilities and other financial obligations

| | Group | | Parent | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |
| **Rental and lease obligations** | | | | |
| Lease obligations under operating leases. Total future lease payments: | | | | |
| Within 1 year | 140 | 167 | 140 | 167 |
| Between 1 and 5 years | 103 | 243 | 103 | 243 |
| | **243** | **410** | **243** | **410** |
| Rental obligations between 6 to 47 months | 6,877 | 8,574 | 6,877 | 8,574 |

**Other contingent liabilities**

As part of the company's ordinary business procedures, bank guarantees have been provided to third parties. At 31 December 2018, bank guarantees amounted to TDKK 27,544 (2017: TDKK 33,923)

The company is jointly and severally liable for group enterprises credit facility within to Nykredit Bank.

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 is disclosed in the Annual Report of Belgravia Topco ApS, which is the management company of the joint taxation purposes. 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.

## 19 Related parties

| | Basis |
|---|---|
| **Controlling interest** | |
| Belgravia Bidco ApS | Majority owner |

Ultimate ownership:
Agilitas 2015 Private Equity Fund L.P.

# Notes to the Financial Statements

## 19 Related parties (continued)

**Consolidated Financial Statements**

Selskabet indgår i koncernrapporten for moderselskabet

| Name | Place of registered office |
|---|---|
| Belgravia Topco ApS | Englandsvej 14, DK-5700 Svendborg |

| | Group | | Parent | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK |
| **20 Fee to auditors appointed at the general meeting** | | | | |
| **PricewaterhouseCoopers** | | | | |
| Audit fee | 102 | 100 | 170 | 100 |
| Tax advisory services | 31 | 35 | 31 | 35 |
| Other services | 624 | 30 | 556 | 30 |
| | **757** | **165** | **757** | **165** |
| **Ernst & Young** | | | | |
| Other services | 0 | 57 | 0 | 57 |
| | **0** | **57** | **0** | **57** |
| | **757** | **222** | **757** | **222** |

# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of Danoffice IT ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 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, Danoffice IT 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

**21 Accounting Policies** (continued)

### 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.

### Revenue

The Group's internal management reporting does not contain reporting by segments, and as a result, no specification of net sales is shown.

# Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, 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

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### 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 and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

## Balance Sheet

**Intangible assets**

Software that are recognised in the balance sheet are measured at cost less accumulated depreciation.

The expected useful life is 3-5 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.

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:

| | |
|---|---|
| Plant and machinery | 2-10 years |

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 recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### 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.

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

**21 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

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.

### 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” and ”Overdraft facilities”.

# Notes to the Financial Statements

**21 Accounting Policies** (continued)

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 | $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$ |