Group Online A/S

Metalbuen 66
2750 Ballerup
CVR No. 29414815

Annual report 2023

The Annual General Meeting adopted the annual report on 08.02.2024

Morten Bachke Knudsen
Chairman of the General Meeting

Contents

Entity details

Entity

Group Online A/S
Metalbuen 66
2750 Ballerup

Business Registration No.: 29414815
Registered office: Ballerup
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jens Albert Harsaae, Chairman
Rasmus Philip Buhl Lokvig, Deputy chairman
Jacob Sloth Bennedsen
Jesper Eiby Christoffersen
Jens Jørgen Hahn-Petersen
Brian Broholt Hoffmann

Executive Board

Jesper Eiby Christoffersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Group Online A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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

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

Ballerup, 08.02.2024

Executive Board

Jesper Eiby Christoffersen

Board of Directors

Jens Albert Harsaae
Chairman

Rasmus Philip Buhl Lokvig
Deputy chairman

Jacob Sloth Bennedsen

Jesper Eiby Christoffersen

Jens Jørgen Hahn-Petersen

Brian Broholt Hoffmann

Independent auditor's report

To the shareholder of Group Online A/S

Opinion

We have audited the financial statements of Group Online A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

Management's responsibilities 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 08.02.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Brian Schmit Jensen
State Authorised Public Accountant
Identification No (MNE) mne40050

Victor Fortmann Storm
State Authorised Public Accountant
Identification No (MNE) mne50626

Management commentary

Financial highlights

	2023 DKK'000	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures					
Gross profit/loss	157,113	159,910	121,300	102,453	86,211
Operating profit/loss	40,404	49,295	27,960	22,673	33,043
Net financials	(10,155)	(4,046)	(160)	(56)	31
Profit/loss for the year	26,249	35,705	21,120	17,675	25,790
Total assets	726,038	305,949	210,340	173,811	57,085
Investments in property, plant and equipment	8,458	3,655	375	2,237	0
Equity	530,690	152,530	124,817	96,537	12,805
Average number of employees	181	176	159	112	117
Ratios					
Return on equity (%)	7.68	25.75	19.08	32.33	132.79
Equity ratio (%)	73.09	49.85	59.34	55.54	22.43

The key financial figures and ratios for 2019 are presented for Group Online A/S stand alone as this was before the merger of Danaweb International A/S, Optimeo A/S and Plico A/S. The key financial figures and ratios for 2019 to 2021 are presented without the adobtion of IFRS 15 and IFRS 16.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities
Group Online A/S is the leading provider of websites and online marketing for small and medium-sized companies in Denmark. The primary activities include website production, search engine optimization, email solutions and advertising at Google and Facebook.

Development in activities and finances
Gross profit for the year amount to DKK 157.1 million and the result after tax amounted to DKK 26.2 million. Equity amounted to DKK 530.7 million at 31 December 2023. Management consider the results satisfactory.

In the financial period the equity is increased by capital increases of tDKK 251,814 and group contributions of tDKK 100,000. The change in accounting policies by adobting IFRS 15 and IFRS 16 in accordance with the Danish Financial Statement Act has increased equity in the beginning of the financial period by tDKK 5,739.

Profit/loss for the year in relation to expected developments
EBITDA for 2023 amounts to 55.4 million and in line with Managements expectation of DKK 50 - 55 million which is due to the change of accounting policies with is documented in the section of accounting policies.

Outlook
Management expect to grow sales, however, due to investments in the organisation EBITDA is expected in the range of DKK 65 - 75 million.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Gross profit/loss		**157,113**	**159,910**
Staff costs	3	(101,746)	(97,779)
Depreciation, amortisation and impairment losses	4	(14,963)	(12,836)
Operating profit/loss		**40,404**	**49,295**
Income from investments in group enterprises		3,254	189
Other financial income		191	366
Other financial expenses	5	(10,346)	(4,412)
Profit/loss before tax		**33,503**	**45,438**
Tax on profit/loss for the year	6	(7,254)	(9,733)
Profit/loss for the year	7	**26,249**	**35,705**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Completed development projects	9	3,869	3,626
Acquired intangible assets		1,112	303
Acquired rights		12,586	14,556
Goodwill		17,239	18,316
Development projects in progress	9	1,303	1,691
Intangible assets	8	**36,109**	**38,492**
Other fixtures and fittings, tools and equipment		29	53
Leasehold improvements		812	1,279
Leased assets		17,243	17,269
Property, plant and equipment	10	**18,084**	**18,601**
Investments in group enterprises		334,708	811
Deposits		2,267	2,203
Financial assets	11	**336,975**	**3,014**
Fixed assets		**391,168**	**60,107**
Trade receivables		31,902	26,291
Contract work in progress	12	285,777	218,084
Receivables from group enterprises		982	40
Other receivables		14,434	0
Prepayments	13	1,594	1,213
Receivables		**334,689**	**245,628**
Cash		**181**	**214**
Current assets		**334,870**	**245,842**
Assets		**726,038**	**305,949**

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		3,701	3,700
Reserve for net revaluation according to the equity method		3,543	564
Reserve for development expenditure		4,034	4,147
Retained earnings		519,412	144,119
Equity		**530,690**	**152,530**
Deferred tax	14	30,097	22,162
Provisions		**30,097**	**22,162**
Lease liabilities		8,841	10,667
Other payables		7,789	7,290
Non-current liabilities other than provisions	15	**16,630**	**17,957**
Bank loans		25,637	19,033
Lease liabilities		9,178	7,150
Contract work in progress	12	18,992	24,876
Trade payables		5,923	4,539
Payables to group enterprises		77,539	43,093
Tax payable		0	4,385
Other payables		11,352	9,439
Deferred income	16	0	785
Current liabilities other than provisions		**148,621**	**113,300**
Liabilities other than provisions		**165,251**	**131,257**
Equity and liabilities		**726,038**	**305,949**
Events after the balance sheet date	1		
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Statement of changes in equity for 2023

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,700	564	4,147	138,380	146,791
Changes in accounting policies	0	0	0	5,739	5,739
Adjusted equity, beginning of year	**3,700**	**564**	**4,147**	**144,119**	**152,530**
Increase of capital	1	0	0	251,813	251,814
Dissolution of revaluations	0	(564)	0	564	0
Group contributions etc	0	0	0	100,000	100,000
Other entries on equity	0	0	0	97	97
Transfer to reserves	0	0	(113)	113	0
Profit/loss for the year	0	3,543	0	22,706	26,249
Equity end of year	**3,701**	**3,543**	**4,034**	**519,412**	**530,690**

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Uncertainty relating to recognition and measurement

The recognition of revenue is to some extent impacted by management estimates and judgement for contract work in progress in relation to determining stage of completion and expected profitability of the individual projects, and hence, revenue recognised in subsequent years may be impacted by changes in estimates to the revenue recognised in previous years.

3 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	97,493	94,378
Pension costs	2,540	1,362
Other social security costs	1,080	1,238
Other staff costs	633	801
	101,746	**97,779**

Average number of full-time employees	181	176

	Remuneration of Management 2023 DKK'000	Remuneration of Management 2022 DKK'000
Total amount for management categories	3,568	3,109
	3,568	**3,109**

Persuant to Section 98b(iii) of the Danish Financial Statements Act, remuneration to the members of the Executive Board is not separately disclosed.

4 Depreciation, amortisation and impairment losses

	2023 DKK'000	2022 DKK'000
Amortisation of intangible assets	6,381	6,192
Depreciation of property, plant and equipment	8,582	6,644
	14,963	**12,836**

5 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	8,287	2,623
Other interest expenses	2,008	1,788
Other financial expenses	51	1
	10,346	**4,412**

6 Tax on profit/loss for the year

	2023 DKK'000	2022 DKK'000
Change in deferred tax	7,935	10,192
Adjustment concerning previous years	(681)	(459)
	7,254	**9,733**

7 Proposed distribution of profit and loss

	2023 DKK'000	2022 DKK'000
Retained earnings	26,249	35,705
	26,249	**35,705**

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired rights DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	51,073	3,349	20,978	21,547	1,691
Transfers	1,691	0	0	0	(1,691)
Additions	1,798	897	0	0	1,303
Cost end of year	**54,562**	**4,246**	**20,978**	**21,547**	**1,303**
Amortisation and impairment losses beginning of year	(47,447)	(3,046)	(6,422)	(3,231)	0
Amortisation for the year	(3,246)	(88)	(1,970)	(1,077)	0
Amortisation and impairment losses end of year	**(50,693)**	**(3,134)**	**(8,392)**	**(4,308)**	**0**
Carrying amount end of year	**3,869**	**1,112**	**12,586**	**17,239**	**1,303**

9 Development projects

As previous years the Entity has capitalized development costs. The Entity's development projects consists of internally developed software products used in the design and creation of webpages. The development cost is expected to add significant value til customer handling proces.

Costs are capitalized as incurred if this relates to the development projects. The Entity possess the resources and skills to complete the development.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Leased assets DKK'000
Cost beginning of year	6,432	2,299	23,391
Additions	0	90	8,368
Disposals	0	0	(701)
Cost end of year	**6,432**	**2,389**	**31,058**
Depreciation and impairment losses beginning of year	(6,379)	(1,020)	(6,122)
Depreciation for the year	(24)	(557)	(8,001)
Reversal regarding disposals	0	0	308
Depreciation and impairment losses end of year	**(6,403)**	**(1,577)**	**(13,815)**
Carrying amount end of year	**29**	**812**	**17,243**

11 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	247	2,203
Addition through business combinations etc	331,165	0
Additions	0	64
Disposals	(247)	0
Cost end of year	**331,165**	**2,267**
Revaluations beginning of year	564	0
Amortisation of goodwill	(10,595)	0
Share of profit/loss for the year	14,138	0
Reversal regarding disposals	(564)	0
Revaluations end of year	**3,543**	**0**
Carrying amount end of year	**334,708**	**2,267**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Web-Koncept A/S	Ballerup, Denmark	A/S	100

12 Contract work in progress

	2023 DKK'000	2022 DKK'000
Contract work in progress	500,988	395,270
Progress billings regarding contract work in progress	(234,203)	(202,062)
Transferred to liabilities other than provisions	18,992	24,876
	285,777	**218,084**

Contract work in progress contains provisions for losses of DKK 55,450 thousand (2022: DKK 44,668 thousand).

13 Prepayments

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

14 Deferred tax

	2023 DKK'000	2022 DKK'000
Intangible assets	3,078	3,271
Property, plant and equipment	(120)	(167)
Receivables	50,601	31,596
Liabilities other than provisions	(171)	(120)
Tax losses carried forward	(23,291)	(12,418)
Deferred tax	**30,097**	**22,162**

Changes during the year	2023 DKK'000	2022 DKK'000
Beginning of year	22,162	11,970
Recognised in the income statement	7,935	10,192
End of year	**30,097**	**22,162**

15 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Lease liabilities	8,841	0
Other payables	7,789	7,789
	16,630	**7,789**

Other payables consists of holiday pay obligation and leasing liabilities are not due after more than 5 years.

16 Deferred income

Deferred income consists of revenue to be recognized in future periods as the recognition criteria has not been completed yet.

17 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where "CC Globe Invest ApS" serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18 Related parties with controlling interest

The following shareholders hold a significant influence on the Company:

- CC Globe Holding II A/S, Metalbuen 66, 2750 Ballerup (Denmark)
- CC Globe Holding I ApS, Metalbuen 66, 2750 Ballerup (Denmark)
- CC Globe Invest ApS, Metalbuen 66, 2750 Ballerup (Denmark)
- CataCap II K/S, Øster Allé 42, 7., 2100 København Ø (Denmark)

19 Transactions with related parties

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

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
CC Globe Invest ApS

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
CC Globe Holding II A/S

Accounting policies

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

Changes in accounting policies
The Entity has changed its accounting policies with regard to lease and revenue recognition with the adobtion of IFRS 15 and IFRS 16 as a supplement to the Danish Financial Statement Act.

The change in accounting policies has affected the income statement of 2022 with a decrease of tDKK 17,546 before tax, a decrease of tDKK 13,686 after tax and equity is increased by tDKK 5,739 as of 31 December 2022. Total assets is increased by tDKK 41,924 at 31 December 2022.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year with reclassifications in the income statement and balance sheet with no effect on the profit before tax.

Consolidated financial statements
Referring to 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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

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

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

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

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

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.
The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, work in progress, own work capitalised and external expenses.

Revenue

Group Online A/S has chosen IFRS 15 as interpretation for recognition of revenue in accordance with the provisions as set out in the Danish Financial Statements Act.

Revenue types

Revenue is categorized into two main types: 1) revenue from professional services and 2) revenue from service and support.

Professional services relates to development of websites and SEO optimization as well as other marketing related services. Service and support include maintenance and helpline support in the remaining contract period.

Group Online A/S's contracts often include both types of revenue categories, which are considered individual performance obligations. In these situations, the total contract consideration is allocated to the separate performance obligations for the purpose of revenue recognition. The consideration allocated to the different performance obligations is based on their relative stand-alone selling prices, which may require judgement. For this purpose, management applies assumptions and estimates.

Revenue is recognised separately for each performance obligation based on the allocated consideration.

Transaction price

The consideration reflects the amount to which Group Online A/S's expects to be entitled for the professional services and support and maintenance services rendered to customers. The transaction price is normally fixed for the contract period.

Revenue recognition

Revenue is recognized when the customer has obtained control of the professional services (website, SEO optimization or other marketing related services) and has the ability to use and obtain substantially all the benefits from the professional services or support.

Group Online A/S has assessed that the customer obtains control of the professional services when all the following criteria are met: a binding contract is entered into; the professional services have delivered; and the customer has the right to use it. Professional service revenue is therefore generally recognised at a point in time. Revenue from support and service agreements is recognized on a straight-line basis over the term of the services.

Professional services fees are recognized based on the value and price of the service. The assumptions, estimates, and uncertainties inherent in determining the value and price of the services affect the timing and amounts of revenue recognized.

Contract work in progress is included in revenue based on the allocated fees so that revenue corresponds to the selling price of the work performed in the financial year.

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

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

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intangible assets, and acquired intellectual property rights.

Development projects on clearly defined and identifiable processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to market or apply the process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Assets are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

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

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

The leased assets include properties and vehicles and the Entity has chosen IFRS 16 as interpretation. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Entity. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's udeful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the incremental borrowing rate.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs

Variable lease payments other than those based on an index or rate are recognised in the income statement when incurred. Payments associated with short-term or low value leases are recognised on a straight-line basis as an expense in profit or loss under the line item other operating expenses.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years
Leased assets	3-5 years

Estimated useful lives and residual values are reassessed annually.

Other fixtures and fittings, tools and equipment and leasehold improvements are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.
Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the value and price of the performance obligations met in the financial period and the total estimated income from the individual contracts in progress.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet as receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Lease liabilities

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

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Tax receivable or payable

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

Deferred income

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

Cash flow statement

Referring to 86(4) of the Danish Financial Statements Act, no consolidated cashflow statement have been prepared. A cashflow statement has been prepared for the Group in CC Globe Holding II A/S (central business registration number: 40858865) that comprises the Entity and the subsidiaries.