Falcon.io ApS

H.C. Andersens Boulevard 27, 1, DK-1553
København V

Annual Report for 1 January - 31 December 2019

CVR No 33 36 22 26

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 14/9 2020

Stephen Frederick Solomon
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Falcon.io ApS for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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

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

Copenhagen, 14 September 2020

Executive Board

Ulrik Bo Larsen
Executive Officer

Board of Directors

Stephen Frederick Solomon Chairman	Ulrik Bo Larsen

Independent Auditor's Report

To the Shareholders of Falcon.io ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Falcon.io ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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 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 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.

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 misstate-

ment, 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.

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 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.

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

Hellerup, 14 September 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
statsautoriseret revisor
mne16675

Company Information

The Company	Falcon.io ApS H.C. Andersens Boulevard 27, 1 DK-1553 København V CVR No: 33 36 22 26 Financial period: 1 January - 31 December Municipality of reg. office: København
Board of Directors	Stephen Frederick Solomon, Chairman Ulrik Bo Larsen
Executive Board	Ulrik Bo Larsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2019	2018	2017/18	2016/17	2015/16
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Profit/loss					
Revenue	23.252	18.105	16.654	11.897	7.805
Gross profit/loss	18.240	14.555	13.464	9.259	5.717
EBITDA	4.756	6.970	(5.817)	(10.841)	(12.053)
Operating profit/loss	(343)	(6.815)	(6.000)	(10.940)	(12.087)
Profit/loss before financial income and expenses	(343)	(6.815)	(5.817)	(10.841)	(12.053)
Net financials	(1.640)	(970)	(482)	(681)	(656)
Net profit/loss for the year	(2.131)	(5.854)	(5.663)	(10.881)	(11.955)
Balance sheet					
Balance sheet total	17.202	13.907	11.368	9.546	11.310
Equity	(4.499)	(8.278)	(5.049)	(3.446)	5.477
Investment in property, plant and equipment	97	162	40	294	297
Number of employees	176	150	149	171	182
Ratios					
Gross margin	78,4 %	80,4 %	80,8 %	77,8 %	73,2 %
Profit margin	(1,5)%	(37,6)%	(34,9)%	(91,1)%	(154,4)%
Solvency ratio	(26,2)%	(59,5)%	(44,4)%	(36,1)%	48,4 %
Return on equity	33,4 %	87,9 %	133,3 %	(1.071,5)%	(218,3)%

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.

In connection with changes to accounting policies, the comparative figures for 2018 have been restated. See the description under accounting policies.

Management's Review

Financial Statements of Falcon.io ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Key activities

Falcon.io offers an integrated SaaS platform for social media listening, engaging, publishing, measuring and manageing customer data. Falcon.io enables its client to explore the full potential of digital marketing by managing multiple customer touchpoints from one platform.

On 11th October 2019 Falcon.io acquired Unmetric, a leader in delivering insights from social benchmarking, audience engagement, and content performance. Unmetric delivers public data from leading global brands across social media channels, enabling companies to enhance their content strategy, better engage with their customers, and spend time where it matters, delivering on business objectives and ROI. Falcon.io will integrate Unmetric into their Social Media Marketing platform, enabling customers to drive consistent brand experiences across social content, engagement and insights.

The Group has in excess of 1,900 clients throughout the world and employs approximately 370 people in its seven offices in Copenhagen, New York, Sofia, Berlin, Budapest, Chennai and Melbourne.

Development in the year

While Falcon.io ApS posted a Net loss for FY 2019 of EUR (2,131k), the company grew its revenues by 28% while decreasing its total operating expenses by 5%. As a result of technological economies of scale, the company expects to further decrease its net loss as the growth of revenues continues to outpace the growth of expenses. The company anticipates its employee headcount to increase to approximately 210 by the end of FY 2020 as a result of organic growth.

As of 31 December 2019, the Group's Annual Recurring Revenue (ARR) was equal to EUR 36,652k. The Group expects its ARR to grow to over EUR 41.500k by the end of FY 2020 through organic growth.

As of 31 December 2019, the balance sheet of Falcon.io ApS shows equity of EUR (4,499k) and cash of EUR 379k. With Falcon.io ApS being part of Cision Ltd. it is ensured that sufficient capital is available to fund the company´s organic growth and operations through FY 2020 and beyond.

The accounting policies applied are unchanged from last year except for the recognition and capitalization of Rights and Development cost to the parent company and the recognition and capitalization of commisions.

Management has decided to change the principles for recognition and capitalization of Rights and Development costs and comissions, as it provides a more true and fair value of the company's financial position.

Management's Review

Outlook

In FY 2020 and beyond, it is expected that the total addressable market for the Group's services will continue to grow in key markets and segments. The Group is in a unique position as it offers a full social media management suite that addresses the needs of mid-market to smaller enterprise customers. Many of its competitors offer a considerably narrower offering to a narrower customer base and thus are more susceptible to changes in technologies and the popularity of social media networks. In addition, the Group continues to grow its revenue base in both Europe and North America while not being heavily concentrated in any one customer, vertical or geographic region. Strong growth is expected to continue throughout FY 2020 as the Group and its platform continue to mature. Additionally, the Group will continue to take an active role in the consolidation of the marketplace through further strategic acquisitions and partnerships.

Operating risks

As the Group provides its services within a SaaS-based platform, several risks must be mitigated including platform security, platform availability, data protection and privacy concerns, amongst others. The Group realizes the importance of mitigating these risks and does so through a combination of a) utilizing the host- ing infrastructure of Amazon Web Services, Inc. b) implementing strict physical, logical and data access controls, c) publishing and adhering to our company privacy policy and d) adhering to the requirements of the EU's General Data Protection Regulation (GDPR) which introduces new obligations for companies processing the personal data of EU citizens.

Foreign exchange risks

Due to sales activity in foreign markets, cash flow and equity are influenced by fluctuations in exchange rates for a number of currencies. While the Group does not hedge its exchange rate risk, management has deemed the risk to be immaterial to its financial statements.

Management's Review

Subsequent events

On 31. January 2020 Cision Ltd. announced that it has been acquired by an affiliate of Platinum Equity in an all cash transaction valued at approximately $2.7 billion. As of this date, Cision is a privately held company and the shares of the group ceased trading on the New York Stock Exchange. This event doesn't have an influence on the evaluation of this annual report.

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end, was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally and its negative impact has gained momentum. While this is still an evolving situation at the time of issuing these statutory financial statements, it appears that the negative impact on global trade and on the company may be more severe than originally expected. Certain currencies to which the Group is exposed have weakened, stock markets have declined, and commodity prices are lower.

We have considered the outbreak of the COVID-19 (Coronavirus) pandemic and its current and future potential effects on the company. We consider that the outbreak is a non-adjusting post balance sheet event that does not impact the measurement of assets and liabilities in the financial statements as of 31 December 2019 or for the year then ended.

We have assessed the potential impact on the company and included appropriate disclosures in the financial statements to describe both the existence of this post balance sheet event and our assessment of the potential impact on the company including its financial results during 2020 and beyond.

COVID-19 mainly has an influence on the development of the cash position of the group. In certain cases the payment terms for customers of Falcon.io have been extended from 30 days to 90 days in order to support the customers from a financial perspective. As a result of this some customer receipts are being collected later than originally expected. This doesn´t change the fact that the group has a solid cash position in order to fund the company´s organic growth and operations through FY 2020 and beyond.

The financial statements disclose all matters of which we are aware that are relevant to the company's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the company's plans, including as the potential consequences of COVID-19. The company also has the intent and ability to take actions necessary to continue as a going concern. We confirm the abovementioned plans for future action to ensure that the company will continue as a going concern.

Income Statement 1 January - 31 December

	Note	2019 EUR'000	2018 EUR'000
Revenue		**23.252**	**18.105**
Production costs	2	(5.012)	(3.550)
Gross profit/loss		**18.240**	**14.555**
Distribution expenses	2	(7.360)	(6.007)
Research and development costs	2	(1.182)	(3.782)
Administrative expenses	2	(10.041)	(11.581)
Operating profit/loss		**(343)**	**(6.815)**
Profit/loss before financial income and expenses		**(343)**	**(6.815)**
Financial income	3	43	330
Financial expenses	4	(1.683)	(1.300)
Profit/loss before tax		**(1.983)**	**(7.785)**
Tax on profit/loss for the year	5	(148)	1.931
Net profit/loss for the year		**(2.131)**	**(5.854)**

Balance Sheet 31 December

Assets

	Note	2019	2018
		EUR'000	EUR'000
Completed development projects		4.797	1.639
Acquired rights		2.998	4.627
Contract assets		1.908	0
Goodwill		0	15
Development projects in progress		1.120	215
Intangible assets	8	**10.823**	**6.496**
Other fixtures and fittings, tools and equipment		37	5
Leasehold improvements		65	104
Property, plant and equipment	9	**102**	**109**
Investments in group enterprises	6	42	42
Deposits		298	290
Fixed asset investments		**340**	**332**
Fixed assets		**11.265**	**6.937**
Trade receivables		4.088	3.421
Receivables from group enterprises		0	11
Other receivables		96	13
Deferred tax asset		735	736
Prepayments		640	370
Receivables		**5.559**	**4.551**
Cash at bank and in hand		**378**	**2.419**
Currents assets		**5.937**	**6.970**
Assets		**17.202**	**13.907**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		EUR'000	EUR'000
Share capital		34	31
Retained earnings		(4.533)	(8.309)
Equity		**(4.499)**	**(8.278)**
Bank loans		88	30
Current portion of long-term liabilities other than procisions		0	8.467
Trade payables		1.094	811
Payables to group enterprises		8.766	465
Other payables		1.949	3.797
Deferred income	10	9.804	8.615
Short-term debt		**21.701**	**22.185**
Debt		**21.701**	**22.185**
Liabilities and equity		**17.202**	**13.907**
Subsequent events	1		
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	EUR'000	EUR'000	EUR'000
Equity at 1 January	31	-10.789	-10.758
Net effect from change of accounting policy	0	4.900	4.900
Adjusted equity at 1 January	31	-5.889	-5.858
Exchange adjustments	0	1	1
Cash capital increase	3	3.486	3.489
Net profit/loss for the year	0	-2.131	-2.131
Equity at 31 December	**34**	**-4.533**	**-4.499**

Notes to the Financial Statements

1 Subsequent events

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end, was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally and its negative impact has gained momentum. While this is still an evolving situation at the time of issuing these statutory financial statements, it appears that the negative impact on global trade and on the company may be more severe than originally expected. Certain currencies to which the Group is exposed have weakened, stock markets have declined, and commodity prices are lower.

We have considered the outbreak of the COVID-19 (Coronavirus) pandemic and its current and future potential effects on the company. We consider that the outbreak is a non-adjusting post balance sheet event that does not impact the measurement of assets and liabilities in the financial statements as of 31 December 2019 or for the year then ended.

We have assessed the potential impact on the company and included appropriate disclosures in the financial statements to describe both the existence of this post balance sheet event and our assessment of the potential impact on the company including its financial results during 2020 and beyond.

COVID-19 mainly has an influence on the development of the cash position of the group. In certain cases the payment terms for customers of Falcon.io have been extended from 30 days to 90 days in order to support the customers from a financial perspective. As a result of this some customer receipts are being collected later than originally expected. This doesn´t change the fact that the group has a solid cash position in order to fund the company´s organic growth and operations through FY 2020 and beyond.

The financial statements disclose all matters of which we are aware that are relevant to the company’s ability to continue as a going concern, including all significant conditions and events, mitigating factors and the company’s plans, including as the potential consequences of COVID-19. The company also has the intent and ability to take actions necessary to continue as a going concern. We confirm the abovementioned plans for future action to ensure that the company will continue as a going concern.

2 Staff

	2019 EUR'000	2018 EUR'000
Wages and Salaries	14.609	11.695
Pensions	337	250
Other social security expenses	151	136
Other staff expenses	627	1.751
	15.724	**13.832**
Average number of employees	**176**	**150**

Notes to the Financial Statements

3 Financial income

Other financial income	0	330
Exchange gains	43	0
	43	**330**

4 Financial expenses

Other financial expenses	1.683	1.194
Exchange adjustments, expenses	0	106
	1.683	**1.300**

5 Tax on profit/loss for the year

Current tax for the year	(736)	(738)
Deferred tax for the year	0	(1.193)
Adjustment of deferred tax concerning previous years	884	0
	148	**(1.931)**

6 Investments in group enterprises

Cost at 1 January	42	35
Additions for the year	0	7
Carrying amount at 31 December	**42**	**42**

A specifikation of investments in subsidiaries is evident from the notes to the consolidated financial statements of the parent company.

7 Distribution of profit

Retained earnings	-2.131	-5.854
	-2.131	**-5.854**

Notes to the Financial Statements

8 Intangible assets

	Completed development projects	Acquired rights	Contract assets	Goodwill	Development projects in progress
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost at 1 January	0	5.450	0	190	0
Net effect from change of accounting policy	4.627	0	2.005	0	468
Additions for the year	2.808	0	1.225	0	652
Cost at 31 December	7.435	5.450	3.230	190	1.120
Impairment losses and amortisation at 1 January	0	1.451	0	175	0
Net effect from change of accounting policy	2.102	0	981	0	0
Amortisation for the year	536	1.001	341	15	0
Impairment losses and amortisation at 31 December	2.638	2.452	1.322	190	0
Carrying amount at 31 December	**4.797**	**2.998**	**1.908**	**0**	**1.120**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	EUR'000	EUR'000
Cost at 1 January	65	356
Additions for the year	56	41
Cost at 31 December	121	397
Impairment losses and depreciation at 1 January	64	252
Depreciation for the year	20	80
Impairment losses and depreciation at 31 December	84	332
Carrying amount at 31 December	**37**	**65**

Notes to the Financial Statements

10 Deferred income

Deferred income is comprised of received income for recognition in subsequent financial years.

11 Contingent assets, liabilities and other financial obligations

	2019	2018
	EUR'000	EUR'000
Unrecognised rental and lease commintments		
Liabilities under rental or lease agreements until maturity in total	698	1.160

Other contingent liabilities

12 Related parties

	Basis
Controlling interest	
Ultimate Parent company	Cision Ltd., 130 East Randolp Street, 7th floor, Chicago, Illinois 60601

Transactions

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

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Falcon.io ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2019 are presented in EUR'000.

Changes in accounting policies

The accounting policies applied are unchanged from last year except for the recognition and capitalization of Development cost and the recognition and capitalization of contract assets.

Management has decided to change the principles for recognition and capitalization of development costs and contract assets, as it provides a more true and fair value of the company's financial position.

The effect on equity at January 1st 2018 related to the change in recognition and capitalization of development costs and contract assets is EUR'000 3,026 for the company. Under the new recognition compared to the statutory Financial Statements for 2018 the net result after tax is incresed by EUR'000 4,900. For 2019 the net resultat after tax and equity for the year is increased with EUR' 000 3,156 for the company. The comparision figures hae been changed in accordance with the change in accounting policy.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Cision Ltd., the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Cision Ltd, the Company has not prepared a cash flow statement.

Recognition and measurement

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 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 intial 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

Notes to the Financial Statements

13 Accounting Policies (continued)

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 as earned, whereas costs are recognised by the amounts attributable to the financial year.

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

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non- monetary items.

Notes to the Financial Statements

13 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries.

Distribution expenses

Distribution expenses comprise costs incurred for sale and distribution of the Entities products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses etc.

Research and development costs

Research and development costs include research costs and costs of development projects not qualifying for recognition in the balance sheet.

Income from investments in group enterprises

Income from investments in group enterprises comprises dicident etc. received from the individual group enterprises in the financial year.

Financial income and expenses

Other financial income comprises dividens etc. received on other investments, interest income, including interest income on receivabes from group enterprises, net capital or exchange gains on securities, payables and transactions in foreing currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise intererst expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transations in foreign currencies, amortisation of financial liabilities as well as tax surchage under the Danish Tax Prepayment Scheme etc.

Notes to the Financial Statements

13 Accounting Policies (continued)

Tax on profit/loss for the year

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

Balance Sheet

Intellectual property rights etc.

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

The amortisation periods used are 4-6 year.

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

Contract assets stem from subscription agreements with payments in the future. Contract assets comprise incremental sales commissions directly associated with obtaining a contract with a new client and deemed realizable through the future revenue streams under the contract.

Contract assets are recognized at cost, as part of sales & marketing costs, when control over goods or services is transferred to aclient. Subsequently contract assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Contract assets are amortized on a straight-line basis, based on the expected lifetime of the contract. Contract assets are amortized on a straight-line basis, based on the expected lifetime (historical churn rate) of the contract, but not exceeding 5 years. Amortizations, impairment and (gains)/losses on contract assets are recognized in the income statement under ‘Sales & Marketing costs’.

For contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

Notes to the Financial Statements

13 Accounting Policies (continued)

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 1 year.

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

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5	years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Notes to the Financial Statements

13 Accounting Policies (continued)

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning incurred costs relating to subsequent fiancial years. Prepayments are measured at cost.

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.

Current tax receivables and liabilities

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

Financial debts

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

Deferred income

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

Financial Highlights

Explanation of financial ratios

Notes to the Financial Statements

13 **Accounting Policies** (continued)

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