

Edlund A/S

La Cours Vej 7

2000 Frederiksberg

CVR No. 16514179

Annual Report 2020/21

7. financial year

Årsrapporten blev godkendt på
selskabets ordinære generalforsamling
*The annual report was approved at the
annual general meeting of the company*

Dato/Date 31. august 2021


Marie-Louise Nesheim
Dirigent/chair

Contents

Management's Statement	3
Independent Auditors' Report	4
Company Information	7
Management's Review	8
Key Figures and Financial Ratios	10
Income Statement	11
Balance Sheet	12
Statement of changes in Equity	14
Accounting Policies	15
Notes	20

Edlund A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of Edlund A/S for the financial year 1 April 2020 - 31 March 2021.

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 assets, liabilities and financial position of the Company at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

In our opinion, the 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.

Frederiksberg, 31 August 2021

Executive Board

Gert Bendsen
CEO

Board of Directors

Per Johansson
Chair

Jannich Kiholm Lund

Merete Sjøby

Kristoffer Krøigaard Smed
Employee Repr.

Sune Alexander Bækkelund Heide
Employee Repr.

Edlund A/S

Independent Auditors' Report

To the shareholders of Edlund A/S

Opinion

We have audited the financial statements of Edlund A/S for the financial year 1 April 2020 - 31 March 2021, comprising income statement, balance sheet, statement of changes in equity and notes including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in our Auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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.

Management's responsibility for the financial statements

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

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

Independent Auditors' Report

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements 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 no guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect material misstatements. . Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements 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 an attitude of professional scepticism throughout the audit. We also

- * Identify and assess the risks of material misstatements in 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 are appropriate and whether the accounting estimates and related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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.

Edlund A/S

Independent Auditors' Report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Managements' review.

Our, responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statement Act. In our opinion, the Management' review is not material misstated .

Copenhagen, 31 August 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-no. 25578198

David Olafsson
State Authorised Public Accountant
mne19737

Kenn Wolff Hansen
State Authorised Public Accountant
mne30154

Edlund A/S

Company information

Company	Edlund A/S La Cours Vej 7 2000 Frederiksberg
CVR No.	16514179
Board of Directors	Per Johansson, Chair Jannich Kiholm Lund, Deputy Chair Merete Sjøby Kristoffer Krøigaard Smed Sune Alexander Bækkelund Heide
Executive Board	Gert Bendsen, CEO
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198

Management's Review

The company's activities

Edlund A/S is an innovative software development house with about 170 employees and associated consultants. We develop systems targeted at the life and pensions industry.

We implement and maintain our solutions in cooperation with our customers, and we supply consulting services. Edlund's position in the market is unique due to our strong understanding of the industry combined with the high academic skills of our employees within actuarial sciences, financial mathematics and computer science.

Our products and consulting services are business critical for our customers, and Edlund emphasizes and values a very close relationship with our customers. We are known for the high level of quality in our deliveries, as well as the credibility and expertise we have achieved over more than 25 years in the market.

Development in activities and financial matters

The Company's Income Statement for the financial year 1 April 2020 - 31 March 2021 shows a result of TDKK -6.297 and the Balance Sheet at 31 March 2021 a balance sheet total of TDKK 331.187 and an equity of TDKK 32.392.

The result declined compared to last year due to decreased revenue in professional services after completion of a large implementation project.

Investment in a new policy administration solution is a significant cost driver. The first delivery is in the customer test phase and migration, and it is expected to be finalized within the coming year.

The executive board of Edlund A/S find the achieved turnover and results acceptable for the financial year.

The effect of COVID-19 is limited on the Company due to the nature of activity. It is however difficult to predict the long-run effects of the demand on the services the Company provides. Management has assessed that it does not impact the valuation of the assets of the Company.

Expectations for the future

The company expects revenue to be at the same level for the coming year and at the same time it expects its operating profit to develop positively after finalizing the new policy administration system.

Knowledge resources

In recent years, technological development have been taking place extremely rapidly, and customers expect innovative solutions deploying the latest technology. This creates a need for Edlund to develop the competencies of its employees and managers. Edlund is addressing this challenge in part through our transparent career model for upskilling and retaining capable employees to undertake the various development tasks.

Business risks

As most other IT companies, KMD is exposed to a number of business risks relating to marked developments, shifts in customer demand, technological changes, employee recruitment, project execution etc.

Environment and climate

The company has implemented policies and procedures to ensure compliance and progress in respect of environment and climate.

Research and development activities

Our main strategic focus area continues to be product development, sale and support of software. We continued our investments in our products throughout the year.

Edlund A/S

Management's Review

Subsequent events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Statement regarding corporate social responsibility - cf. Sections 99a of the Danish Financial Statements Act

KMD is working with multiple activities in the CSR field. A statement regarding corporate social responsibility and targets for the underrepresented gender on the Board of Directors for KMD A/S, cf. Sections 99a of the Danish Financial Statements Act, can be found on KMD's website:

www.kmd.net/sustainabilityreport2020

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios are presented in Thousand Danish kroner (t.kr.) and can be described as follows:

	2020/21	2019/20	2018/19	2017	2016
Revenue	228.860	254.467	297.767	247.469	238.403
Operating profit	-6.902	-780	-5.713	9.381	1.421
Net financial income and expenses	-1.475	-1.174	-2.502	-189	-101
Profit/loss for the year	-6.297	-2.132	-6.407	7.157	325
Investment in property, plant and equipment	0	2.226	2.239	7.383	2.242
Total assets	331.187	328.620	245.508	146.723	121.249
Total equity	32.392	38.687	40.819	47.226	40.069
Avg. number of full-time employees	166	245	275	227	197
Solvency ratio (%)	10	12	17	32,2	33

Key figures are prepared in accordance with recommendation and guides of the Danish Financial Analyst Society. For definitions of key ratios, see Accounting Policies, Explanation of financial ratios.

The fiscal year 2018/19 includes 15 months due to the change of fiscal period.

Edlund A/S

Income Statement

	Note	2020/21 DKK'000	2019/20 DKK'000
Revenue	1	228.860	254.467
Other external expenses		-98.937	-96.844
Gross profit		129.923	157.623
Staff costs	2	-119.087	-139.966
Depreciation and amortisation		-17.710	-18.451
Other operating expenses		-28	14
Loss from ordinary operating activities		-6.902	-780
Financial expenses	3	-1.475	-1.174
Loss before tax		-8.377	-1.954
Tax expenses for the year	4	2.080	-178
Loss for the year	5	-6.297	-2.132

Edlund A/S

Balance Sheet as of 31 March

	Note	2021 DKK'000	2020 DKK'000
Assets			
Completed development projects	6	229	15.041
Development projects in progress	7	291.784	237.181
Intangible assets		292.013	252.222
Fixtures, fittings, tools and equipment	8	3.723	6.388
Leasehold improvements	9	1.024	1.273
Property, plant and equipment		4.747	7.661
Deposits, investments	10	2.109	2.080
Investments		2.109	2.080
Fixed assets		298.869	261.963
Trade receivables		11.293	25.532
Contract work in progress	11	0	7.154
Receivables from group enterprises		5.721	5.599
Tax receivables from group enterprises		9.951	20.172
Other receivables		19	536
Prepaid costs	12	2.861	3.083
Receivables		29.845	62.076
Cash and cash equivalents		2.473	4.581
Current assets		32.318	66.657
Assets		331.187	328.620

Edlund A/S

Balance Sheet as of 31 March

	Note	2021 DKK'000	2020 DKK'000
Equity and liabilities			
Contributed capital		500	500
Reserve for development expenditure		227.592	187.465
Retained earnings		-195.700	-149.278
Equity		32.392	38.687
Provisions for deferred tax	13	46.821	51.935
Other provisions		0	600
Provisions		46.821	52.535
Other payables		17.045	0
Long-term liabilities other than provisions	14	17.045	0
Construction contracts	11	569	0
Trade payables		8.354	13.091
Payables to group enterprises		197.801	175.790
Other payables		28.205	48.517
Short-term liabilities other than provisions		234.929	237.398
Liabilities other than provisions		251.974	237.398
Equity and liabilities		331.187	328.620
Going concern	15		
Contingent liabilities	16		
Related parties	17		

Edlund A/S

Statement of changes in Equity

	Share capital	Development costs	Retained earnings	Total
Equity 1 April 2020	500	187.465	-149.278	38.687
Net profit/loss for the year	0	40.127	-46.422	-6.295
Equity 31 March 2021	500	227.592	-195.700	32.392

The share capital has remained unchanged for the last 5 years. The share capital comprise 1 share class.

Accounting Policies

Reporting class

The Annual Report of Edlund A/S for 2020/21 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to reporting class C.

The Company decided not to include an cash flow statement due to Danish Financial Statements Act §86, 4.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Thousand Danish kroner (TDKK).

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under financial income and financial expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf on third parties.

Accounting Policies

Revenue can be recognized over time or at a point in time. Revenue is recognised over time, when an asset on behalf of a customer is created with no alternative use and Edlund has enforceable right to the payment for the performance completed year to date, or the customer obtains control of a service and has the ability to direct the use and obtain the benefit from the service.

The company's primary service offerings include information technology consulting services and operations solutions. Consulting service are generally provided on either a time-and-material basis or as fixed price contract basis. Revenue from fixed-price-contracts is recognised under the percentage of the total estimated costs of hours to fulfill the contract.

Revenue from fixed operating is recognized over time in the period of the solutions are provided, which will either be based on out put measures or using the straight-line-method over the term of the contracts.

Licence and royalty income is recognised at the time where the underlying transaction was delivered.

Other external expenses

Other external expenses include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, pensions and social security costs.

Depreciation, amortisation and impairment of tangible and intangible assets

Depreciation, amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised or depreciated on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Completed development projects	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest income and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Intangible assets

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs comprise costs, including wages, salaries and amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and impairment losses and recoverable amount.

An impairment test of intangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Property, plant and equipment

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

The carrying amounts of property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Deposits

Deposits are measured at cost.

Accounting Policies

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Construction contracts

Construction contracts are measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion at the balance sheet date and the estimated total income from the individual work in progress. The stage of completion is determined on the basis of costs incurred in relation to expected total costs.

Provision for loss is made when the total expected contract loss, irrespective of the share actually performed exceeds the selling price.

The value of the individual supplies in progress less invoicing on account is classified as receivables if the amounts are positive and as liabilities if the amounts are negative.

Prepaid costs, assets

Prepaid costs recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Proposed dividend for the year is recognised as a separate item in equity.

Reserve for development cost

Reserve for development cost includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by amortisation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

Other provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Accounting Policies

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the Company has a legal or actual obligation as a result of a past event, and it is likely that settlement will result in the company spending financial resources.

Provisions that measured at amortised costs.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

$$\text{Solvency ratio (\%)} = \frac{\text{Equity}}{\text{Total liabilities and equity}}$$

Notes

	2020/21 DKK'000	2019/20 DKK'000
1. Revenue		
All revenue relates to the life and pension industry and is related to the Danish market.		
2. Staff costs		
Wages and salaries	96.218	112.072
Pensions	21.196	25.010
Social security contributions	1.270	1.841
Other employee expenses	403	1.043
	<u>119.087</u>	<u>139.966</u>
Average number of employees	<u>166</u>	<u>247</u>
The Company does not disclose management remuneration in accordance with the Danish Financial Statements Act §98b, 3.		
3. Financial expenses		
Financial expenses arising from group enterprises	1.370	1.041
Other financial expenses	105	133
	<u>1.475</u>	<u>1.174</u>
4. Tax expense		
Current tax for the year	9.951	16.937
Current year change in deferred tax	-8.117	-16.759
Adjustment regarding prior year current tax	-12.942	0
Adjustment regarding prior year deffered tax	13.188	0
	<u>2.080</u>	<u>178</u>
5. Distribution of loss		
Transferred to reserve for entrepreneurial company	40.127	75.948
Retained earnings	-46.424	-78.080
	<u>-6.297</u>	<u>-2.132</u>

Notes

6. Completed development projects

	2021 DKK'000	2020 DKK'000
Cost at the beginning of the year	108.493	108.493
Cost at the end of the year	108.493	108.493
Amortisation at the beginning of the year	-93.452	-77.526
Amortisation	-14.812	-15.926
Amortisation at the end of the year	-108.264	-93.452
Carrying amount at the end of the year	229	15.041

Development projects relates to the development and improvements of the Company's IT-solutions.

7. Development projects in progress

Cost at the beginning of the year	237.181	139.811
Additions during the year	54.603	97.370
Cost at the end of the year	291.784	237.181
Carrying amount at the end of the year	291.784	237.181

Development projects relates to the development and improvement of existing IT-solutions as well as development of new projects. The progress of the projects is as planned using the resources Management set aside. It is expected, that the solution will be sold to customers on the existing market and to new markets.

8. Fixtures, operating equipment and vehicles

Cost at the beginning of the year	26.184	24.003
Additions during the year	0	2.226
Disposals during the year	-404	-45
Cost at the end of the year	25.780	26.184
Depreciation at the beginning of the year	-19.796	-17.538
Depreciation for the year	-2.637	-2.263
Reversal of depreciation of disposed assets	376	5
Depreciation at the end of the year	-22.057	-19.796
Carrying amount at the end of the year	3.723	6.388

Notes

9. Leasehold improvements

	2021 DKK'000	2020 DKK'000
Cost at the beginning of the year	1.811	1.811
Additions during the year	12	0
Cost at the end of the year	1.823	1.811
Depreciation at the beginning of the year	-538	-276
Depreciation for the year	-261	-262
Depreciation at the end of the year	-799	-538
Carrying amount at the end of the year	1.024	1.273

10. Deposits

Cost at the beginning of the year	2.080	2.051
Addition during the year	29	29
Cost at the end of the year	2.109	2.080
Carrying amount at the end of the year	2.109	2.080

11. Construction contracts

Sales value of work	0	7.154
Progress billings on contracts in progress	-569	0
Net value of contract work	-569	7.154

Progress billings are divided as follows in the balance sheet:

Net receivables	0	7.154
Net liabilities	-569	0
	-569	7.154

12. Prepaid costs

Prepaid costs mainly relate to costs relating to third-party service contracts relating to software, maintenance and consulting.

13. Provisions for deferred tax

Equipment	-2.699	-2.217
Software	64.243	55.489
Leasehold improvements	-143	-86
Tax loss	-14.580	-1.251
Balance at the end of the year	46.821	51.935

Edlund A/S

Notes

14. Long-term liabilities

	Due within 1 year DKK'000	Due between 1-5 years DKK'000	Due after 5 years DKK'000
Other payables	28.205	222	16.723
	28.205	222	16.723

Notes

15. Going concern

The activities of Edlund A/S has in several years been financed by short term intercompany loans amounting to DKK 198 million as of 31 March 2021. The credit facilities made available for the Company is agreed with the Parent Company KMD A/S.

Based on cash at bank and in hand, DKK 2.5 million as of 31 March 2021 and the ongoing contracts with major customers Management assesses that KMD A/S will continue to support the Company with sufficient liquidity and that intercompany payables of DKK 198 million will not be called unless the liquidity position of Edlund A/S is adequate to justify such repayment. Management assesses on this basis, capital resources to be satisfactory and prepared the Financial Statements, under the precondition of continued operation.

16. Contingent liabilities

Edlund has entered into rental commitments with a total of TDKK 48.082 of which TDKK 8.879 is due within 1 year.

Lease commitments relating to equipment of TDKK 295 of which TDKK 222 is due within 1 year.

Edlund is jointly taxed with the other Danish companies in the KMD Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.

17. Related parties

Edlund A/S is fully owned by KMD A/S which is a part of KMD Group. The Company is ultimately a 100% owned subsidiary of NEC Corporation and is included in the consolidated financial statements of NEC Corporation.

A copy of the Consolidated Financial Statements can be obtained through the Company Secretary at Lautrupparken 40, 2750 Ballerup, Denmark.

Related party transactions: (DKKK'000)	2020/21
Sale of good and services	46.739
Purchase of goods and services	22.965
Interest expense, Group	1.370
Receivables	5.721
Payables	197.801